

**State of California
Office of Administrative Law**

In re:
California Debt Limit Allocation Committee

Regulatory Action:

Title 04, California Code of Regulations

Adopt sections: 5145, 5146, 5233
Amend sections: 5000, 5020, 5031, 5033,
5050, 5051, 5054, 5062,
5063, 5106, 5144, 5170,
5191, 5192, 5194, 5200,
5220, 5230, 5240, 5250,
5255, 5258, 5260, 5300,
5342, 5350, 5370, 5400,
5450, 5560, 5600

Repeal sections: 5221

**NOTICE OF APPROVAL OF EMERGENCY
REGULATORY ACTION**

**Government Code Sections 11346.1 and
11349.6**

OAL Matter Number: 2016-1205-04E

OAL Matter Type: Emergency (E)


In this emergency rulemaking, the California Debt Limit Allocation Committee (the "Committee") is adopting three, amending 31, and repealing one section(s) in title 4 of the California Code of Regulations. Government Code section 8869.84(c) states, "The [C]ommittee shall prepare application forms and announce procedures for receipt and review of applications from state and local agencies desiring to issue private activity bonds." The allocation system provides tax-exempt private activity bond allocation to state and local agencies. The changes in this emergency rulemaking affect (1) issuer accountability, (2) high-cost projects, (3) cash flow bond financing, and (4) coordination with the United States Department of Housing and Urban Development. Lastly, the Committee is adopting, amending, and repealing a total of 23 documents incorporated by reference.

OAL approves this emergency regulatory action pursuant to sections 11346.1 and 11349.6 of the Government Code.

This emergency regulatory action is effective on 12/15/2016 and will expire on 6/14/2017. The Certificate of Compliance for this action is due no later than 6/13/2017.

Date: December 15, 2016

Original: Jeree Glasser-Hedrick
Copy: Felicity Wood



Steven J. Escobar, Attorney

For: Debra M. Cornez, Director

NOTICE PUBLICATION/REGULATIONS SUBMISSION

(See instructions on reverse)

For use by Secretary of State only

STD. 400 (REV. 01-2013)

| | | | |
|--|---------------------------------|--------------------------|--|
| OAL FILE NUMBERS | NOTICE FILE NUMBER Z- | REGULATORY ACTION NUMBER | EMERGENCY NUMBER 2016-1205-04E |
| For use by Office of Administrative Law (OAL) only | | | |
| NOTICE | | REGULATIONS | |
| AGENCY WITH RULEMAKING AUTHORITY CA Debt Limit Allocation Committee | | | |

ENDORSED - FILED
 In the office of the Secretary of State
 of the State of California

DEC 15 2016
 4:02pm

2016 DEC -5 P 2:51
 OFFICE OF
 ADMINISTRATIVE LAW

A. PUBLICATION OF NOTICE (Complete for publication in Notice Register)

| | | | | |
|---|--|--------------------------|------------------------|-------------------------------|
| 1. SUBJECT OF NOTICE | | TITLE(S) | FIRST SECTION AFFECTED | 2. REQUESTED PUBLICATION DATE |
| 3. NOTICE TYPE <input type="checkbox"/> Notice re Proposed <input type="checkbox"/> Regulatory Action <input type="checkbox"/> Other | | 4. AGENCY CONTACT PERSON | TELEPHONE NUMBER | FAX NUMBER (Optional) |
| OAL USE ONLY <input type="checkbox"/> Approved as Submitted <input type="checkbox"/> Approved as Modified <input type="checkbox"/> Disapproved/Withdrawn | | NOTICE REGISTER NUMBER | | PUBLICATION DATE |

B. SUBMISSION OF REGULATIONS (Complete when submitting regulations)

| | | | |
|---|--|--|--|
| 1a. SUBJECT OF REGULATION(S) Bond Purchase and Compliance Expansion | | 1b. ALL PREVIOUS RELATED OAL REGULATORY ACTION NUMBER(S) | |
| 2. SPECIFY CALIFORNIA CODE OF REGULATIONS TITLE(S) AND SECTION(S) (Including title 26, if toxics related) | | | |
| SECTION(S) AFFECTED (List all section number(s) individually. Attach additional sheet if needed.) | | ADOPT See attached | |
| | | AMEND See attached | |
| TITLE(S) 4 | | REPEAL See attached | |
| 3. TYPE OF FILING | | | |
| <input type="checkbox"/> Regular Rulemaking (Gov. Code §11346) <input type="checkbox"/> Resubmittal of disapproved or withdrawn nonemergency filing (Gov. Code §11349.3, 11349.4) <input checked="" type="checkbox"/> Emergency (Gov. Code, §11346.1(b)) | | | |
| <input type="checkbox"/> Certificate of Compliance: The agency officer named below certifies that this agency complied with the provisions of Gov. Code §11346.2-11347.3 either before the emergency regulation was adopted or within the time period required by statute. <input type="checkbox"/> Resubmittal of disapproved or withdrawn emergency filing (Gov. Code, §11346.1) | | | |
| <input type="checkbox"/> Emergency Readopt (Gov. Code, §11346.1(h)) <input type="checkbox"/> File & Print <input type="checkbox"/> Other (Specify) _____ | | | |
| <input type="checkbox"/> Changes Without Regulatory Effect (Cal. Code Regs., title 1, §100) <input type="checkbox"/> Print Only | | | |
| 4. ALL BEGINNING AND ENDING DATES OF AVAILABILITY OF MODIFIED REGULATIONS AND/OR MATERIAL ADDED TO THE RULEMAKING FILE (Cal. Code Regs. title 1, §44 and Gov. Code §11347.1) | | | |
| 5. EFFECTIVE DATE OF CHANGES (Gov. Code, §§ 11343.4, 11346.1(d); Cal. Code Regs., title 1, §100) | | | |
| <input type="checkbox"/> Effective January 1, April 1, July 1, or October 1 (Gov. Code §11343.4(a)) <input checked="" type="checkbox"/> Effective on filing with Secretary of State <input type="checkbox"/> §100 Changes Without Regulatory Effect <input type="checkbox"/> Effective other (Specify) _____ | | | |
| 6. CHECK IF THESE REGULATIONS REQUIRE NOTICE TO, OR REVIEW, CONSULTATION, APPROVAL OR CONCURRENCE BY, ANOTHER AGENCY OR ENTITY | | | |
| <input type="checkbox"/> Department of Finance (Form STD. 399) (SAM §6660) <input type="checkbox"/> Fair Political Practices Commission <input type="checkbox"/> State Fire Marshal <input type="checkbox"/> Other (Specify) _____ | | | |
| 7. CONTACT PERSON Felicity Wood | | TELEPHONE NUMBER (916) 651-8484 | FAX NUMBER (Optional) E-MAIL ADDRESS (Optional) felicity.wood@treasurer.ca.gov |

8. I certify that the attached copy of the regulation(s) is a true and correct copy of the regulation(s) identified on this form, that the information specified on this form is true and correct, and that I am the head of the agency taking this action, or a designee of the head of the agency, and am authorized to make this certification.

SIGNATURE OF AGENCY HEAD OR DESIGNEE
Jerre Glasser-Hedrick
 TYPED NAME AND TITLE OF SIGNATORY
 Jerre Glasser Hedrick Executive Director

DATE
 December 5, 2016

For use by Office of Administrative Law (OAL) only

ENDORSED APPROVED**DEC 15 2016****Office of Administrative Law**

Section B.2

- Adopt: 5145, 5146, 5233
- Amend: 5000, 5020, 5031, 5033, 5050, 5051, 5054, 5062, 5063, 5106, 5144, 5170, 5191, 5192, 5194, 5200, Article 7 of Chapter 2, 5220, 5230, 5240, 5250, 5255, 5258, 5260, 5300, 5342, 5350, 5370, 5400, 5450, 5560, and 5600
- Repeal: 5221

CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE REGULATIONS

Chapter 1. General Provisions

Article 1. Definitions

Section 5000. Definitions. In addition to the definitions set forth in Government Code section 8869.82 and unless otherwise required by the context, the following terms as used in this division are defined as follows:

"Accredited Investor", also known as a "Sophisticated Investor", means an entity as defined by the United States Securities and Exchange Commission under Rule 501, regulation D of the Securities Act of 1933.

"Allocation" means the portion of the State Ceiling awarded by the Committee to an Applicant.

"Allocation Round" means a meeting or series of meetings of the Committee during which a pre-determined portion of the State Ceiling is made available for allocation by the Committee to one or more Applicants selected by the Committee during that meeting or series of meetings.

"Annual Applicant Public Benefits and Ongoing Compliance Self-Certification (~~12-15-15 Revised 11-16-16~~)", hereby incorporated by reference, means the document in the online compliance certification system to be completed by the Issuer in which the Issuer certifies that the Project is in compliance with all of the terms and conditions set forth in the Committee Resolution.

"Applicant" means the following entities submitting an Application to the Committee:

- a state or local governmental agency; or
- a joint powers authority (JPA) applying for bond allocation for a project, except for projects described in Government Code Section 6586.5(c), that is or will be located entirely within the geographical boundaries of one or more of the JPA's members; or
- a special district; or
- a nonprofit public benefit corporation that issues only student loan bonds; or
- any other public agency that is empowered to issue debt.

"Application" means the request by an Applicant to the Committee for an Allocation of the State Ceiling which shall include the information specified in article 4 of this chapter.

"Bond" means either a Qualified Private Activity Bond or a Governmental Bond as defined in this section.

"Bond Default" means a material default as defined within an Issuer's Bond documents, but does not include for the purposes of this definition, defaults that are technical in nature such as a failure to maintain covenants, failing to charge rates sufficient to meet rate covenants, failing to maintain insurance on the Project, or failing to fund various reserves.

"Bond Regulatory Agreement" means the agreement between the Issuer, Project Sponsor, and any third party related to the ownership, financing, and management of a proposed Qualified Residential Rental Project that binds the parties to the commitments made in the Application that resulted in the Allocation for the Project and any other requirements mandated by 26 U.S.C. section 142.

"Bond Issuance and Post Issuance Compliance Policies" means policies established by an Applicant to guide the process of issuing private activity bonds and ensuring post-issuance compliance including but not limited to a description of the fee structure, application and approval process (including TEFRA), threshold eligibility criteria for applicants and projects, long term regulatory requirements (if any), and monitoring practices.

"CIDFAC" means the California Industrial Development Financing Advisory Commission.

"CIEDB" means the California Infrastructure and Economic Development Bank.

CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE REGULATIONS

"Cash Flow Permanent Bond" means a bond where the identified payment source is based on cash flow availability in the form of residual payments and that are issued for the purposes of providing permanent financing that (i) does not meet CDLAC's Debt Service Coverage Ratio requirement in Section 5193 and that, (ii) together with all other Bonds not meeting CDLAC's Debt Service Coverage Ratio requirements in Section 5193 (if any), exceed 5% of the total project cost.

"Census Designated Place" means a place designated as a census designated place by the Bureau of the Census.

"Certificate of Completion for Non-Qualified Residential Rental Projects" (New, 11-16-16), hereby incorporated by reference, submitted by the Project Sponsor of a Non-Qualified Residential Rental Project, certifies that all work on the Project was substantially completed, along with the aggregate amount disbursed on the loan for qualified project costs. In addition, the officer's signature indicates that the cost of the bond issuance was equal to or less than 2% of the bond proceeds issued.

"Certificate of Completion for Qualified Residential Rental Projects" (New, 11-16-16), hereby incorporated by reference, submitted by the Project Sponsor of a Qualified Residential Rental Project, and certifies that all work on the Project was substantially completed, along with the aggregate amount disbursed on the loan for qualified project costs. In addition, the officer's signature indicates that the cost of the bond issuance was equal to or less than 2% of the bond proceeds issued.

"Certification of Compliance I (~~12-15-15 Revised~~ 11-16-16)", hereby incorporated by reference, means the document provided in the Committee Resolution to be completed by the Project Sponsor in which the Project Sponsor certifies that the Project is in compliance with all of the terms and conditions set forth in the Committee Resolution.

"Certification of Compliance II for Non-Qualified Residential Rental Projects" (New 11-16-16), hereby incorporated by reference, is a form for Applicant/Issuers awarded allocation in 2017 forward. Applicant/Issuers retain the Certification form for a period of three years in place of the Certification of Compliance I (11-16-16) to ensure that the Project Sponsor is reporting all relevant compliance and possible changes to the project or program to the Applicant.

"Certification of Compliance II for Qualified Residential Rental Projects" (New 11-16-16), hereby incorporated by reference, is a form for Applicant/Issuers awarded allocation in 2017 forward. Applicant/Issuers retain the Certification form for a period of three years in place of the Certification of Compliance I (11-16-16) to ensure that the Project Sponsor is reporting all relevant compliance and possible changes to the project or program to the Applicant.

"CIDFAC" means the California Industrial Development Financing Advisory Commission.

"CIEDB" means the California Infrastructure and Economic Development Bank.

"Committee" means the California Debt Limit Allocation Committee established by California Government Code sections 8869.80 et seq.

"Committee Resolution" means for any Allocation, the resolution duly adopted by the Committee that, among other things, memorializes the grant of the Allocation by the Committee to the Applicant.

"Competitive Application Process" means the procedure under which the Committee will evaluate an Application for an award of Allocation that is competitive based upon the number of points each Application is awarded. Applications submitted under this process will be awarded points only when the Project qualifies for such points and evidence supporting an award of points is demonstrated at the time documented in the Application when submitted. The Committee will not consider documentation for an award of points submitted after the Application deadline, nor

CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE REGULATIONS

will the Committee review an incomplete Application except to determine whether the Application is complete.

"Credit Enhancement" means the additional assurance provided by a third party pursuant to a payment guaranty, letter of credit, bond insurance or other similar vehicle with a marketable investment grade credit rating.

"Credit Enhancer" means the party providing Credit Enhancement.

"CTCAC" means the California Tax Credit Allocation Committee.

"Deemed Waived" means any designated Qualified Energy Conservation Bond and/or Recovery Zone Bond Allocation not issued or included in a Plan of Issuance by August 15, 2010 that may automatically be deemed returned to CDLAC for reallocation.

"Distressed Community" means a community that the Applicant demonstrates to be any one or more of the following:

- A community with an unemployment rate equal to or greater than 125% of the statewide average based on the California Employment Development Department's most recent annual average for sub-county areas.
- A community with median family income of less than 80% of the statewide average based on the most recent census data available for cities or Census Designated Places. If no city or Census Designated Place level data is available, or if the Applicant chooses to identify a project benefit area that is smaller than a city or Census Designated Place, such as census tract or tracts, smaller areas will be used.
- A community with a poverty rate equal to or greater than 110% of the statewide average based on the most recent census data available for cities or Census Designated Places. If no city or Census Designated Place level data is available, or if the Applicant chooses to identify a project benefit area that is smaller than a city or Census Designated Place such as a census tract or tracts, smaller geographic areas will be used.

"Draw-down Bond Issuance" means a draw-down loan as defined for purposes of 26 U.S.C. sections 103 and 141 through 150 (generally, a Bond issue in which Bonds are delivered to the Bond purchaser intermittently as funds are needed by the Bond Issuer and the Bond Issuer only provides payments based on the amount of Bonds drawn-down).

"Eligible QECB Reallocation Applicant" means any city, county (acting directly or through an entity acting on behalf of the city or county pursuant to a joint powers agreement), state entity or Indian tribal government located in the State of California.

"Eligible QECB Reallocation Issuer" means a State or political subdivision as defined for purposes of U.S. Treasury Regulations, Section 103, and entities empowered to issue Bonds on behalf of any such entity under rules similar to those for determining whether a Bond issued on behalf of a State or political subdivision constitutes an obligation of that State or political subdivision for purposes of U.S. Treasury Regulations, Section 103.

"Executive Director" means the Executive Director of the Committee.

"Exempt Facility Project" means a Project financed with an exempt facility bond satisfying the requirements of 26 U.S.C. section 142, except that airports, docks and wharves, governmentally owned solid waste disposal facilities, and Qualified Residential Rental Projects shall not be considered exempt facilities for purposes of these regulations.

"Exempt Facility Project Pool" means the reserve of the State Ceiling established by the Committee for Exempt Facility Projects.

"Extra Credit Teacher Home Purchase Program" means a program offering Mortgage Credit Certificates or loans funded by Mortgage Revenue Bonds to eligible teachers, eligible

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administrators, eligible classified employees, and eligible staff members for the purpose of assisting them in becoming homeowners.

"Extra Credit Teacher Home Purchase Program Pool" means the reserve of the State Ceiling established by the Committee for the Extra Credit Teacher Home Purchase Program.

"Federally Bond-Restricted Units" are Project units that are restricted pursuant to 26 U.S.C. Section 142 (d)(1)(A) or (B).

"General Project Pool" means a reserve within the Qualified Residential Rental Project Pool that may be established by the Committee that does not include either Rural Projects or Mixed Income Projects.

"Governmental Bond" means a Bond issued by or on behalf of a governmental entity that is not considered a Qualified Private Activity Bond.

"Investor Representation Letter" means a letter from initial investors of a Bond offering that includes but is not limited to a certification that they reasonably meet the standards of a Sophisticated Investor or Qualified Institutional Buyer, that they are purchasing Bonds for their own account, that they have the sophistication to evaluate the merits and risks of the investment and suffer a loss of the investment, that they have been furnished all the information which they and their advisers requested on the offering and have had an opportunity to ask questions relating to that information, and other such matters.

"Issuer" means an entity empowered to issue Bonds.

"Job Creation" means new permanent full-time jobs created by the Project Sponsor. The number of jobs created shall be calculated after deducting any jobs within the State that are eliminated by the company. Job Creation must be met within two (2) years following the completion of the Project. The Job Creation requirement may be monitored by CIDFAC and CIEDB utilizing California Employment Development Department employment statistics.

"Job Wage" means the average hourly general manufacturing wage for the Metropolitan Statistical Area in which a Project is located, based on the Bureau of Labor Statistics Series Code from the California Employment Development Department. If a Project is not located in an area for which the Employment Development Department keeps hourly wage data or not located in a defined Metropolitan Statistical Area, the closest comparable area in which hourly wage is available may be used.

"LEED Certified" means Leadership in Energy & Environmental Design certification by the U.S. Green Building Council.

"Local Issuer" means a local government entity that issues Mortgage Revenue Bonds or Mortgage Credit Certificates for Single Family Housing Programs or small-issue industrial development Bonds or a joint powers authority that issues small-issue industrial development bonds on behalf of a local government entity.

"Market Study" means a comprehensive document prepared by a third party which contains information related to the Project's market area.

"Metropolitan Statistical Area" means the geographic entity defined by the U.S. Office of Management and Budget (OMB).

"Mixed Income Project Pool" means a reserve within the Qualified Residential Rental Project Pool that may be established by the Committee.

"Mixed Income Project" means a Qualified Residential Rental Project having 50% or fewer of its total units designated as Restricted Rental Units.

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"Mortgage Credit Certificate" means a mortgage credit certificate as defined by 26 U.S.C. section 25(c)(1).

"Mortgage Revenue Bond" means a bond defined by 26 U.S.C. section 143(a).

"Mortgage Revenue Bond Program" means a program defined by 26 U.S.C. section 143(a).

"Nationally Recognized Statistical Rating Organization" means credit rating agencies that satisfy the requirements of 15 U.S.C. section 78(c)(62).

"Net Proceeds" means proceeds used for "recovery zone property" as defined in 26 U.S.C. 1400U-3(b)(1)(A).

"Open Application Process" means the procedure under which the Committee will evaluate an Application for an award of Allocation that is not competitive. The Committee will not review an incomplete Application except to determine whether the Application is incomplete and notify the Applicant of the deficiency.

"Performance Deposit Certification" means the form titled "Performance Deposit Certification Form for an Application for an Allocation of Qualified Private Activity Bonds" (revised 1-18-12), which is hereby incorporated by reference.

"Placement Agent Statement" means the statement provided by the firm contracted to market the Bonds proposed in the Application that includes a brief paragraph on the firm's history and principals, a summary of the firm's initial underwriting review, an overview of proposed issuance structure including anticipated debt service coverage ratio, and a statement certifying that the proposed transaction has been initially underwritten and meets the firm's standards for participation.

"Plan of Issuance" means a report due to CDLAC from a county or municipality receiving a U.S. Treasury Designated Recovery Zone Bond Allocation that includes the following: One, a brief description of the Project(s) to be funded utilizing QECBs and/or RZBs, including the proposed qualifying project type, sponsor contact information and anticipated Bond amounts; Two, a copy of the locally approved resolution designating the area in which the proposed Project(s) are located as a Recovery Zone(s); Three, an identification of the local approvals obtained to date; and Four, the anticipated construction start date and timeline for project completion and Bond issuance.

"Project" means the subject property for which an Application for Allocation has been submitted.

"Project Sponsor" means the entity, or CDLAC authorized affiliate thereof, using the proceeds of a Bond issue to complete the Project described in the Application.

"Project Wage" means the average hourly wage of the jobs created by a Project.

"Public Transit Corridor" means an existing or planned public mass transit guideway or bus way station, or multimodal transportation terminal serving public mass transit operations within one-quarter mile of the Project.

"Qualified Business" means any trade or business as defined under 26 U.S.C. section 1400U-3(c)(2) which exempted "(1) the rental to others of real property located in a recovery zone shall be treated as a qualified business only if the property is not a residential rental property as defined in 26 U.S.C. section 168(e)(2); and (2) such term shall not include any trade or business consisting of the operation of any facility described in 26 U.S.C. section 144(c)(6)(B)."

"Qualified Energy Conservation Bond (QECB)" means a qualified tax-credit Bond as defined under 26 U.S.C. section 54D where: "(1) one-hundred (100%) percent of the available project proceeds of such issue are to be used for one or more 'qualified conservation purposes' (2) the bond is issued by a State or local government, and (3) the Issuer designates such bonds for purposes pursuant to this section."

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"Qualified Energy Conservation Bond Reallocation Pool" means the reserve of the amount Deemed Waived by the Committee for reallocation for a Qualified Energy Conservation Bond.

"Qualified Institutional Buyer (QIB)" means an entity defined by the United States Securities and Exchange Commission in Rule 144A under the Securities Act of 1933.

"Qualified Private Activity Bond" means a Bond that satisfies the requirements of 26 U.S.C. sections 141 et seq.

"Qualified Recovery Zone Bond Issuer" means eligible Issuers of Recovery Zone Bonds including states, political subdivisions as defined for purposes of U.S. Treasury Regulations, section 103, and entities empowered to issue Bonds on behalf of any such entity under rules similar to those used to determine whether a Bond issued on behalf of a state or political subdivision constitutes an obligation of the state or political subdivision for purposes of U.S. Treasury Regulations, Section 103 and subchapter A, 1.103-1(b), or eligible Issuers in conduit financing issues as defined in U.S. Treasury Regulations, subchapter A, 1.150-1(b). An eligible Issuer may issue Recovery Zone Bonds based on a volume cap allocation received by the eligible Issuer itself or by a conduit borrower or other ultimate beneficiary of the issue of the Bonds.

"Qualified Residential Rental Project (QRRP)" means a qualified residential rental project as defined by 26 U.S.C. section 142(d)(1).

"Qualified Residential Rental Project Pool" means the reserve of the State Ceiling established by the Committee for Qualified Residential Rental Projects.

"Qualifying Bond Default" means a Bond Default in which the final disposition resulted in bondholders involuntarily not being paid in whole or in part.

"Recovery Zone" means an area designated by the local issuing entity defined pursuant to 26 U.S.C. section 1400U-1(b) as meeting one of the following criteria:

- Significant poverty, unemployment, rate of home foreclosures or general distress
- Economically distressed because of military base closure or realignment
- An area which has been designated as an empowerment zone or a renewal community

"Recovery Zone Bond (RZB)" means a Bond issued as a Recovery Zone Economic Development Bond or a Recovery Zone Facility Bonds.

"Recovery Zone Economic Development Bonds (RZEDB)" means a type of Build America Bond issued before January 1, 2011 in which the Issuer shall receive a credit from the Treasury Department equal to 45% of the interest payment.

"Recovery Zone Economic Development Bond (RZEDB) Reallocation Pool" means the reserve of the amount Deemed Waived by the Committee for reallocation of Recovery Zone Economic Development Bonds.

"Recovery Zone Facility Bonds (RZFB)" means a category of Bonds created by the American Recovery and Reinvestment Act of 2009 (ARRA) that will be treated as Exempt Facility Bond Project as defined per 26 U.S.C. section 142.

"Recovery Zone Facility Bonds (RZFB) Reallocation Pool" means the reserve of the amount Deemed Waived by the Committee for reallocation of Recovery Zone Facility Bonds.

"Regulatory Period and/or Compliance Period" means for projects awarded allocation after December 31, 2016 a period of time enumerated in the CDLAC resolution whereby Annual Applicant Public Benefits and On-going Compliance Self Certification is required to be submitted. For QRRP projects the period of time will be consistent with Section 5192, for IDBs the longer of project completion or 2 years after the project completion if a job creation election is made, and for all other programs when the project is completed or allocation has been utilized.

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"Related Party" means the more stringent of the constructive ownership provisions of 26 U.S.C. section 267 or the following:

- The brothers, sisters, spouse, ancestors, and direct descendants of a person;
- A person and corporation where that person owns more than 50% in value of the outstanding stock of that corporation;
- Two or more corporations, general partnership(s), limited partnership(s) or limited liability corporations connected through debt or equity ownership, in which stock is held by the same persons or entities for:
 - At least 50% of the total combined voting power of all classes that can vote, or;
 - At least 50% of the total value of shares of all classes of stock of each of the corporations, or;
 - At least 50% of the total value of shares of all classes of stock of at least one of the other corporations, excluding, in computing that voting power or value, stock owned directly by that other corporation.
- There exists concurrent ownership by a parent or related entity, regardless of the percentage of ownership, or a separate entity from which income is derived;
- There exists concurrent ownership by a parent or related entity, regardless of the percentage of ownership, or a separate entity where a sale-leaseback transaction provides the parent or related entity with income from the property leased or that creates an undue influence on the separate entity as a result of the sale-leaseback transaction;
- There exists concurrent ownership by a parent or related entity, regardless of the percentage of ownership, of a separate entity where an interlocking directorate exists between the parent or related entity and the separate entity.
- A grantor and fiduciary of any trust;
- A fiduciary of one trust and a fiduciary of another trust, if the same person is a grantor of both trusts;
- A fiduciary of a trust and a beneficiary of that trust;
- A fiduciary of a trust and a corporation where more than 50% in value of the outstanding stock is owned by or for the trust or by or for a person who is a grantor of the trust;
- A person or organization and an organization that is tax-exempt under 26 U.S.C. section 501(c)(3) or (4) and that is affiliated with or controlled by that person or the person's family members, as provided in the first bullet of this section, or by that organization;
- A corporation and a partnership or joint venture if the same persons own more than:
 - 50% in value of the outstanding stock of the corporation; and
 - 50% of the capital interest, or the profits' interest, in the partnership or joint venture;
- One S corporation or limited liability corporation and another S corporation or limited liability corporation if the same persons own more than 50% in value of the outstanding stock of each corporation;
- An S corporation or limited liability corporation and a C corporation, if the same persons own more than 50% in value of the outstanding stock of each corporation;
- A partnership and a person or organization owning more than 50% of the capital interest, or the profits' interest, in that partnership; or
- Two partnerships where the same person or organization owns more than 50% of the capital interests or profits' interests.

"Report of Action Taken" means a report provided by and due to the Committee not more than three (3) business days following the use of Allocation to issue Bonds or Mortgage Credit Certificates.

"Report of Action Taken for Bonds" means the specific Report of Action Taken due to the Committee following the use of Allocation for Qualified Private Activity Bonds (excluding RZBs or QECBs) titled "Report of Action Taken Regarding the Issuance of Private Activity Bonds" (revised 7-22-14 11-16-16), which is hereby incorporated by reference.

~~"Report of Action Taken for Bonds (Carryforward)" means the specific Report of Action Taken due to the Committee following the use and/or carryforward of Allocation for Qualified Private~~

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~~Activity Bonds (excluding RZBs or QECBs) titled "Report of Action Taken Regarding the Making of a Carryforward Election and the Issuance of Private Activity Bonds" (revised 7-22-14), which is hereby incorporated by reference.~~

"Report of Action Taken for MCCs" means the specific Report of Action Taken due to the Committee following the use of Allocation to issue Mortgage Credit Certificates Bonds titled "Report of Action Taken Regarding Mortgage Credit Certificate Program" (revised 1-11-11), which is hereby incorporated by reference.

"Report of Action Taken for MCCs (Carryforward)" means the specific Report of Action Taken due to the Committee following the use and/or carryforward of Allocation to issue Mortgage Credit Certificates titled "Report of Action Taken Regarding a Carryforward Election and a Mortgage Credit Certificate Program" (revised 1-11-11), which is hereby incorporated by reference.

"Report of Action Taken for RZBs or QECBs" means the specific Report of Action Taken due to the Committee following the use of Allocation for RZBs or QECBs titled "Report of Action Taken Regarding the Issuance of Recovery Zone Bonds or Qualified Energy Conservation Bonds" (revised 1-11-11), which is hereby incorporated by reference.

"Restricted Rental Units" means tenant occupied units within a Qualified Residential Rental Project that are restricted to households earning 60% or less of the applicable median family income pursuant to a Bond Regulatory Agreement or a CTCAC regulatory agreement for a minimum of thirty (30) years.

"Rural Project" means a Qualified Residential Rental Project located in a rural area as defined by Health and Safety Code section 50199.21 but shall not include a Mixed Income Project.

"Rural Project Pool" means a reserve within the Qualified Residential Rental Project Pool that may be established by the Committee.

"RZEDB Application" means the Application titled "Application for an Award of American Recovery and Reinvestment Act of 2009 Recovery Zone Economic Development Bonds" (revised 5-5-11), which is hereby incorporated by reference.

"RZFB Application" means the Application titled "Application for an Award of American Recovery and Reinvestment Act of 2009 Recovery Zone Facility Development Bonds" (revised 5-5-11), which is hereby incorporated by reference.

"Single Family Housing Program" means a program satisfying the requirements of 26 U.S.C. section 25 and 26 U.S.C. section 143.

"Single Family Housing Program Bonus Pool" means a reserve within the Single Family Housing Program Pool that may be established by the Committee.

"Single Family Housing Program Pool" means the reserve of the State Ceiling established by the Committee for Single Family Housing Programs.

"Single Family Housing State Issuer" means any state agency that issues Mortgage Revenue Bonds or Mortgage Credit Certificates for Single Family Housing Programs.

"Small Business Program" means a program that meets the requirements for eligibility established and administered by CIDFAC.

"Small-Issue Industrial Development Bond Project" means a Project that meets the requirements for a qualified small-issue Bond as described under 26 U.S.C. section 144.

"Small-Issue Industrial Development Bond Project Pool" means the reservation of the State Ceiling reserved for Small-Issue Industrial Development Bond Projects.

"Sophisticated Investor (SI)", see Accredited Investor definition.

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"Standard Permanent Bonds" means Bonds issued for the purposes of providing permanent project financing which (i) meet CDLAC's Debt Service Coverage Ratio requirement in Section 5193 or (ii) are not Cash Flow Permanent Bonds.

"State Ceiling" means the amount of Qualified Private Activity Bonds that can be issued in California for each calendar year specified by 26 U.S.C. section 146(d), and the amount reserved to California pursuant to sections 1112 and 1401 of the American Recovery and Reinvestment Act of 2009 as established by and announced by the Committee in accordance with article 2 of this chapter.

"State Ceiling Pools" means the individual pools created by the Committee and as defined in this chapter.

"Student Loan Program" means a program that meets the requirements for a qualified student loan Bond under 26 U.S.C. section 144(b).

"Student Loan Program Pool" means the reserve of the State Ceiling established by the Committee for Student Loan Programs.

"Taxable Debt" means conventional financing from a major financial institution or taxable Bonds issued by a municipality including but not limited to Build America Bonds, Recovery Zone Bonds or Qualified Energy Conservation Bonds.

"TEFRA Resolution (Tax Equity and Fiscal Responsibility Act of 1982)" means an approval by the applicable elected representative of the governmental unit having jurisdiction over the proposed Project, as required by 26 U.S.C. section 147(f), that is documented and includes a certification executed by the applicable elected representative or their designee.

"Travelling Investor Representation Letter" means the certification from initial investor(s) of a Bond offering that they have no present intention of reoffering the Bonds in a subsequent public offering, but may be allow to subsequently transfer the Bonds in a limited offering to another permitted transferee provided the transferee agrees to the same representations.

"U.S. Treasury Designated Recovery Zone Bond Allocation" means Allocation received directly from the federal government pursuant to the American Recovery and Reinvestment Act of 2009. "Verification of Zoning and Local Approvals" means the document by which the appropriate local government planning official having jurisdiction over the Qualified Residential Rental Project certifies at least the following: the Project's name, address, parcel number, housing type, the Project's compliance with all applicable local land use and zoning ordinances, a description of the Project's current zoning, maximum per unit density allowed for the Project's site, and whether the Project has obtained all local and state land use related approvals.

"Undesignated Reserve Pool" (Pool) means a reserve of the State Ceiling established by the Committee for which there is no demand at the time the Pool is established.

"Veterans Home Loan Program" means a single family housing program administered by the California Department of Veterans Affairs, satisfying the requirements of 26 U.S.C. section 143, and that is restricted to California veterans of military service.

"Welfare-to-Work Plan" means a plan as described by sections 10531, et seq. of the California Welfare and Institutions Code.

"WELL" means a Building Standard, which is a performance-based system for measuring, certifying and monitoring features of the built environment that impacts human health and wellbeing through air, water, nourishment, light, fitness, comfort and mind. WELL is managed and administered by the International WELL Building Institute.

Note: Authority cited: Section 8869.94, Government Code. Reference: Section 8869.84(c), Government Code.

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Article 3. State Ceiling Pools

Section 5020. Determination of State Ceiling Pools. As soon as practicable after the beginning of each calendar year, and before any Applications are considered, the Committee will:

(a) Determine and announce what amount, expressed both as a percentage and as a dollar amount of the State Ceiling, shall be available for Allocation during the year and in each Allocation Round to Qualified Residential Rental Projects from the Qualified Residential Rental Project Pool.

(1) Subsequent to the determination made pursuant to subdivision (a) of this section, determine and announce whether a portion of the Qualified Residential Rental Project Pool, expressed as a dollar amount and as a percentage (not to exceed twenty-five percent (25%)) of the Qualified Residential Rental Project Pool shall be reserved in a Mixed Income Pool to be available for allocation to Mixed Income Projects, and determine what amount, if any, shall be available in each Allocation Round.

(2) Subsequent to the determination made pursuant to subdivision (a) of this section, determine and announce whether a portion of the Qualified Residential Rental Project Pool, expressed as a dollar amount and as a percentage (not to exceed ten percent (10%)) of the Qualified Residential Rental Project Pool shall be reserved in a Rural Project Pool to be available for allocation to Rural Projects and determine what amount, if any, shall be available in each Allocation Round.

(b) Determine and announce what amount, expressed both as a percentage and as a dollar amount of the State Ceiling, shall be available for allocation during the year and in each Allocation Round to Single Family Housing Programs.

(1) Subsequent to the determination made pursuant to subdivision (b) of this section, determine and announce what portion of the Single Family Housing Program Pool will be reserved and allocated to state Issuers.

(2) Subsequent to the determination made pursuant to subdivision (b)(1) of this section, the remainder of the Single Family Housing Program Pool will be reserved by county, for Local Issuers. Each county shall receive a proportionate share of the amount reserved for Local Issuers based on the population of the county relative to the state's total population. Populations will be based on data published by the California State Department of Finance Demographics Unit. Where there is more than one Local Issuer in a county, each Local Issuer shall receive a proportionate share of the county's reservation based on the population of the jurisdictions served by an Issuer relative to the county's total population, or as agreed upon by the participating Local Issuers. Local Issuers may apply independently of the county level Issuer. Any allocation awarded specifically to a Local Issuer shall reduce the amount available for the county level Issuer accordingly.

(c) Subsequent to the determinations made pursuant to subdivision (b) and (b)(1) of this section, determine and announce whether a portion of the Single Family Housing Program Pool, expressed as a dollar amount and as a percentage of the Single Family Housing Pool, shall be reserved in a separate Single Family Housing Program Bonus Pool to be available for allocation by the Committee during the year and in each Allocation Round. The Single Family Housing Program Bonus Pool may be made available for allocation at any Allocation Round subsequent to the first Allocation Round in a given calendar year. The Committee will also designate which Applicants will be eligible for consideration for this pool.

(d) Determine and announce what amount expressed both as a percentage and as a dollar amount, of the State Ceiling that shall be available for allocation during the year and in each Allocation Round to Extra Credit Teacher Home Purchase Programs.

(e) Determine and announce what amount expressed both as a percentage and as a dollar amount, of the State Ceiling that shall be available for allocation during the year and in each Allocation Round to Small-Issue Industrial Development Bond Projects.

(f) Determine and announce what amount expressed both as a percentage and as a dollar amount, of the State Ceiling that shall be available for allocation during the year and in each Allocation Round to Exempt Facility Projects.

(g) Determine and announce what amount expressed both as a percentage and as a dollar amount, of the State Ceiling that shall be available for allocation during the year and in each Allocation Round to Student Loan Programs.

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(h) Determine and announce what amount, expressed both as a percentage and as a dollar amount, of the State Ceiling that shall be available for allocation during the year and in each Allocation Round to Beginning Farmer Projects.

(i) Determine and announce what amount, expressed both as a percentage and as a dollar amount, of the State Ceiling that shall be available for allocation during the year and in each Allocation Round to Home Improvement and Rehabilitation Programs.

(j) The Committee shall sub-allocate resources to any particular pool in a manner that is consistent with maximizing public benefits associated with the use of allocation.

Note: Authority cited: Section 8869.94, Government Code. Reference: Section 8869.82 and 8869.84, Government Code.

Article 4. Application Schedule and Procedures

Section 5031. Eligible Applicants. (a) The following types of entities may file an Application: Any state or local governmental agency, joint powers authority (JPA) applying for bond allocation for a Project that will be located entirely within the geographical boundaries of one or more of the JPA members (except for a Project described in Government Code section 6586.5(c)), special district, nonprofit public benefit corporation that issues only student loan Bonds, or any other public agency that is empowered to issue debt may file an Application. The issuer of the Qualified Private Activity Bonds or Mortgage Credit Certificates must be the Applicant.

(b) Where the Applicant is administering a Single Family Housing Program on behalf of one or more jurisdictions, the Applicant must submit the Application to the Committee. The Applicant must also obtain, and provide to the Committee with its Application, a publicly adopted resolution or cooperative agreement from each jurisdiction participating in the Applicant's program that explicitly grant authority to the Applicant to conduct the program in the participant's jurisdiction.

(c) To be eligible to receive CDLAC allocation, all Applicants must submit written Bond Issuance and Post Issuance Compliance Policies for each State Ceiling Pool they request. For QRRP Applicants, these policies must be reviewed by counsel having expertise with the federal and state laws pertaining to the issuance or conversion and post-closing compliance of private activity conduit bonds for consistency with applicable federal and state laws. Such review will be documented via a letter from the respective counsel indicating the review has occurred. Additionally, for all Applicants, the policies must be accompanied by a resolution signed by the appropriate governing body formally adopting the policies. If the governing body has delegated approval authority on such matters to the organization's Executive Director, Housing Director or Finance Director, approval by the delegated individuals will suffice. To the extent contractors will be providing services on behalf of an Applicant, the policies should clarify the relationship between the contractor and the Applicant and what, if any, rights the contractor has to income and obligations generated from the issuance activity. CDLAC will review these policies to ensure the legal review has occurred, appropriate approval documentation is in place and for consistency with the CDLAC regulations. CDLAC will document their formal approval. This requirement will apply immediately to all Applicants who have not received allocation from CDLAC since January of 2013 and for new Applicants. Applicants having received an allocation of bonds from CDLAC after January 2013 will have until December 31st of 2017 to complete and submit policies to CDLAC. If an Applicant has not utilized CDLAC's programs but has a 2017 project pending, a one year waiver to this regulation may be requested. To fulfill this requirement, approval of the policies must be documented in a resolution dated no earlier than 2006. All policies must be reviewed and re-approved at least every 10 years thereafter.

Note: Authority cited: Section 8869.94, Government Code. Reference: Section 8869.84(f), 8869.84(g), 8869.85(a), 8869.85(b), 8869.88 and 8869.89, Government Code.

Section 5033. Minimum Application Requirements. (a) Applications for an Allocation of the State Ceiling may be submitted to the Committee at its offices in Sacramento, California. An Applicant must submit all required information appropriate to the type of Bond for which the Applicant requests an Allocation. The Applicant shall submit a complete Application and

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supplemental material for each project or program for which the Applicant is requesting an Allocation. Only complete Applications bearing the original signatures of an officer of the Applicant and the Project Sponsor, if applicable, will be accepted.

(b) Unless specifically exempted, the following items must accompany all Applications:

(1) Performance Deposit Certification and evidence of the performance deposit as provided in section 5050(a).

(2) A non-refundable first installment of the filing fee of ~~\$600~~ \$1,200 made payable to the California Debt Limit Allocation Committee as provided in section 5054(a).

(3) Proof of the bond sale structure requirements pursuant to article 6 of this chapter, if applicable, (for all Applications other than Applications relating to a Mortgage Credit Certificate Program pursuant to chapter 3).

(4) An inducement or reimbursement resolution adopted by the governing body of the Applicant approving the project or program to be Bond financed and authorizing a senior officer, or in the case of a Student Loan Program, an officer of the sponsor of the Student Loan Program, to file the Application with the Committee, pay any fees required by the Committee, and certify the posting of the required performance deposit.

(5) For all Applications other than those relating to a Mortgage Credit Certificate Program pursuant to chapter 3, a Recovery Zone Economic Development Bond Project, or a Qualified Energy Conservation Bond Project (governmental bond only), the following shall be provided to the Committee no less than four (4) calendar days prior to the first public posting of Committee recommendations as provided in section 5035 of the CDLAC Regulations:

(A) proof of public notice of the TEFRA hearing; and

(B) a copy of the fully executed TEFRA Resolution adopted by the governing body of the jurisdiction in which the proposed project or program will be located or, in the case of a Student Loan Program, a resolution adopted by the sponsor of the Student Loan Program memorializing the public approval process as required by 26 U.S.C. section 147(f). The resolution shall clearly indicate that a public hearing was properly noticed and held with respect to the proposed issuance of Bonds. Such resolutions shall be accompanied by the approval of the Bonds for the specific project or program by the applicable elected representative as such term is defined in 26 U.S.C. section 147(f)(2)(E).

(C) In the event that a fully executed copy of an adopted TEFRA Resolution cannot be provided within the timeframe set forth in subdivision (b)(5) of this section, the Applicant shall provide:

1. within the timeframe set forth in subdivision (b)(5) of this section, written certification of the date, time, location, and outcome of the public hearing, the approval of the issuance of Bonds by the applicable elected representative, and that the actions comply with the provisions of 26 U.S.C. section 147(f); and

2. no less than twenty-four (24) hours prior to the scheduled commencement of the Committee meeting at which the project is seeking an allocation, a fully executed copy of the adopted TEFRA Resolution. If the Applicant is a JPA, the jurisdiction issuing the TEFRA Resolution must be a member of the Applicant at the time the Resolution is adopted or must have approved becoming a member of the Applicant at or prior to the time the Resolution is adopted.

(D) In the event that a TEFRA Resolution for a proposed project or program is to be signed by a member of the Committee, the Applicant may submit:

1. no less than four (4) calendar days prior to the first public posting of Committee recommendations as provided in section 5035 of the CDLAC Regulations, the minutes of the required public hearing and proof of publication of the notice announcing the public TEFRA hearing; and

2. no later than the date on which a Report of Action Taken must be submitted, as required by section 5142 of the CDLAC Regulations, a fully executed copy of the adopted TEFRA Resolution.

Note: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.84(e), 8869.85(a), 8869.85(b) and 8869.90, Government Code.

Article 5. Performance Deposits and Fees

Section 5050. Performance Deposit Requirements. (a) Applications for Qualified Private Activity Bonds shall include evidence of a performance deposit equal to one-half of one

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percent (.5%) of the Allocation requested, not to exceed \$100,000 made payable to the Applicant. Such evidence may include, but is not limited to a copy of a check, a letter of credit from a Commercial Bank with an A category or higher credit rating naming CDLAC as the beneficiary, certified funds or in the case where the Application is for a Single Family Housing Program, a copy of a general ledger statement evidencing that funds have been reserved for this purpose, and a fully executed Performance Deposit Certification that certifies the required deposit has been made and is being held by the Applicant on the behalf of the Committee.

(b) Applicants must maintain the performance deposit until a written release is received from the Committee.

Note: Authority cited: Section 8869.94, Government Code. Reference: Section 8869.84(c) and 8869.84(e), Government Code.

Section 5051. Release of Performance Deposit. (a) The written authorization releasing a performance deposit or refund of deposits paid to the Committee will occur upon the Committee's receipt of a properly completed Report of Action Taken that is appropriate to the transaction type as required in section 5142, and all filing fees as required in section 5054, and a digital copy of the conformed, recorded Bond Regulatory Agreement. The Committee Resolution shall provide the timeframe for using the Allocation and filing the required Report of Action Taken.

(b) In the case of a Qualified Residential Rental Project that also requests an allocation of state credit reserved for tax-exempt projects from the California Tax Credit Allocation Committee (CTCAC), the full release or refund of a performance deposit will be authorized if the Project Sponsor is able to demonstrate that the failure to use Allocation is solely due to the failure to receive an allocation of state tax credit.

(c) In the case of Mortgage Credit Certificates, the full release or refund of a deposit will not be authorized unless the Allocation has been converted to Mortgage Credit Certificate authority by the date specified in the Committee Resolution.

(d) Nothing in this section shall be construed to address the forfeiture of deposit relative to utilization of carry-forward Allocations pursuant to section 5132.

Note: Authority cited: Section 8869.94, Government Code. Reference: Section 8869.84(c), 8869.84(e) and 8869.90, Government Code.

Section 5054. Filing Fees. Each Applicant shall submit a filing fee in an amount equal to the product of the amount of Allocation actually used to issue Bonds, or Mortgage Credit Certificates multiplied by .00035. The payment of the fee shall be in two installments as follows:

(a) Initial filing fee. A check in the amount of ~~\$1200~~ \$600 payable to the California Debt Limit Allocation Committee shall accompany the filing of an Application to cover the Committee's costs associated with reviewing Applications. This portion of the filing fee is not refundable under any circumstances but shall be credited against the total filing fee.

(b) Initial filing fee for supplemental awards. A check in the amount of \$600 payable to the California Debt Limit Allocation Committee shall accompany the filing of an Application to cover the Committee's costs associated with reviewing Applications. This portion of the filing fee is not refundable under any circumstances but shall be credited against the total filing fee.

~~(c) (b)~~ Second installment of Filing Fee. The second installment of the filing fee will be due within thirty (30) days after Bond issuance or issuance of the first Mortgage Credit Certificate. The Committee will issue an invoice in conjunction with the Committee Resolution transferring the Allocation to the Applicant. The amount of the second installment of the filing fee is the product of the amount of Allocation used to issue Bonds or convert to Bond to Mortgage Credit Certificate authority multiplied by .00035, less the fee paid pursuant to subdivision (a) of this section.

~~(d) (e)~~ If the second filing fee is not received within thirty (30) days, the Committee shall instruct the Applicant to remit the amount due from the performance deposit maintained by the Applicant specifically for the Project or program that was awarded Allocation pursuant to section 5050.

Note: Authority cited: Section 8869.94, Government Code. Reference: Section 8869.84(c) and 8869.90, Government Code.

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Article 6. Bond Sale Structure Requirements

Section 5061. Credit Enhanced Sales. (a) Applications for Bonds to be issued and sold through a public sale with Credit Enhancement will be deemed to have provided satisfactory evidence of a Bond sale plan required in section 5060 if documentation from the Credit Enhancer includes the following:

- (1) Project Sponsor (borrower).
- (2) Project name and location.
- (3) Amount of the Credit Enhancement.
- (4) Salient terms and conditions of the agreement, including but not limited to the fee structure, term, rate, security, collateral, guarantee, and recourse of the commitment.
- (5) Evidence that the Credit Enhancer is committed to move forward with the transaction if the terms and conditions in the commitment letter are met.
- (6) Acceptance of the terms and conditions of the Credit Enhancement by the Credit Enhancer and Project Sponsor evidenced by signatures from both parties.
- (7) If Fannie Mae, (a private, shareholder-owned company with a charter from Congress requiring the company to support the housing finance system) or any additional or successor entity possessing a similar Congressional charter is providing the Credit Enhancement, the commitment issued by a qualified lender under the Delegated Underwriting and Servicing (DUS) program of Fannie Mae will constitute acceptable proof of Credit Enhancement.
- (b) If the Bonds are to be variable rate Bonds, the short term rating shall be no less than "A1" by Standard & Poor's, "VMIG1" by Moody's, or "F-1" by Fitch IBCA, Inc. or the equivalent.
- (c) If the Bonds are to be fixed rate Bonds, the Bond rating shall be no less than an "A" category or the equivalent as rated by a Nationally Recognized Statistical Rating Organization. If the Bond rating is below an "A" category or the equivalent, the Application will be evaluated pursuant to section 5065.
- (d) If any State Agency ~~the California Housing Finance Agency~~ is providing the Credit Enhancement, evidence of its investment grade rating shall be provided with the Application.

Note: Authority cited: Section 8869.94, Government Code. Reference: Section 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.

Section 5062. Private Placement Sales. (a) Subject to Section (b) below, Applications for Bonds to be issued and sold through a private placement will be deemed to have provided satisfactory evidence of a Bond sale plan required in section 5060 if documentation from the Bond purchaser(s) includes the following:

- (1) Project Sponsor (borrower).
- (2) Project name and location.
- (3) Bond purchase amount.
- (4) Salient terms and conditions, including but not limited to the fee structure, term, rate, security, collateral, guarantee, and recourse of the commitment including the interest rate of the agreement.
- (5) Evidence that the lender is committed to move forward with the transaction if the terms and conditions in the commitment letter are met.
- (6) Acceptance of the terms and conditions of the commitment letter by the purchaser and Project Sponsor.

b) For applications submitted after December 31, 2016 Cash Flow Permanent Bonds to be issued and sold through a private placement including, without limitation, bonds purchased by a property seller in consideration of the provisions of a purchase and sale agreement, will be deemed to have provided satisfactory evidence if the provisions of 5062 (a) have been satisfied and, additionally, if at the time of bond issuance the bond purchaser elects to:

- (1) submit a Traveling Investment Representation Letter from a Qualified Institutional Buyer or Sophisticated Investor due three (3) days prior to Bond issuance; or
- (2) ensure a minimum Bond denomination of \$100,000.

Note: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.

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Section 5063. Unenhanced Bond Sales with an A Category or Higher Rating including sales where cash is the collateral. (a) Applications for Bonds to be issued with an unenhanced credit rating equivalent to an "A" category or higher as rated by a Nationally Recognized Statistical Rating Organization will be deemed to have satisfied the minimum Bond sale requirements required in section 5060 if the following is provided:

- (1) Placement Agent Statement.
- (2) Certifications of no current Bond Defaults by the Issuer, guarantor (if any) and the Project Sponsor (if any).

Note: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.

Article 8. Expiration of Allocations

Section 5106. ~~State Single Family Veterans Home Loan Programs~~. Carryforward Allocations made pursuant to article 10 of this chapter to a Veterans Home Loan Program or a CalHFA Single Family Program are not subject to expiration except as set forth in 26 U.S.C section 146(f)(3).

Note: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c) and 8869.84(e), Government Code.

Article 11. Reporting and Compliance Requirements

Section 5144. Annual Applicant Public Benefits and On-Going Compliance Self Certification. (a) All Projects that receive an Allocation and are within an existing regulatory period and/or compliance period shall be monitored for compliance with the applicable terms and conditions of the Committee Resolution by the Applicant (Issuer) and CDLAC. The self-certification must be submitted by the Applicant to CDLAC no later than March 1 of each year (or at such other time as requested by the Committee). The requirement shall be enforceable by the Committee through an action for specific performance or other available remedy affecting the Applicant including but not limited to disqualification from the program.

- (1) For Projects receiving an Allocation prior to December 31, 2016, ~~t~~The Applicant shall complete and submit the Annual Applicant Public Benefits and On-going Compliance Self Certification, via the online compliance certification system annually for the longer of the period the bonds remain outstanding or the period of restriction for QRRP projects outlined in Section 5192.
- (2) For Projects receiving allocation after December 31, 2016, the Applicant shall complete and submit the Annual Applicant Public Benefits and On-going Compliance Self Certification via the online compliance certification system every year until the completion of the project and then if the project is subject to a Regulatory Period and/or Compliance Period every three years thereafter or sooner upon a termination of the Regulatory Period and/or Compliance Period.
~~The self-certification must be submitted by the Applicant to the California Debt Limit Allocation Committee no later than March 1 of each year (or at such other time as requested by the Committee). The requirement shall be enforceable by the Committee through an action for specific performance or other available remedy~~

(b) For all QRRP projects receiving allocations after December 31, 2016, Sponsors will be required to utilize TCAC's Compliance Manual specifically Section VI: Qualify Tenants for Low Income Housing Tax Credit Units, to verify tenant income in conjunction with initial occupancy. No less than every three years after the project is completed, the Sponsor must collect and retain the following income and verification documentation related to all the Federally Bond-Restricted units identified in the Committee Resolution or Restricted Rental Units as defined in Section 5000: TCAC Tax Income Calculation (TIC) or equivalent documentation, all associated source income documentation, and evidence of the verifying income computation. Additionally Project Sponsors will be required to prepare and forward a TCAC Project Status Report (PSR)

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or equivalent documentation to the Applicant annually in conjunction with the Annual Applicant Public Benefits and On-going Compliance Self Certification. Sponsors must retain information pertaining to the income verification process for 10 years.

(c) For all QRRP projects receiving allocation after December 31, 2016, compliance with the income and rental requirements of the Federally Bond-Restricted Units identified in the Committee Resolution and the Bond Regulatory Agreement must be demonstrated by the Applicants initial review of 20% of all management files associated with the Federally Bond-Restricted units and subsequent review every three years of 20% of all management files associated with the Federally Bond-Restricted units. Federally Bond-Restricted units will include a distribution of unit locations, sizes and income levels (if applicable) and must be identified in the PSR. For this 20% of files, Applicants must review each initial or subsequent occupant/s and their associated TIC in conjunction with the supporting income verification documentation of each occupant's initial occupancy and make a determination if the project is complying with the income and affordability standards. Additionally, Applicants must ensure a lease is in place and executed. This review may be performed on-site or may be performed through an electronic file audit. Completion of this task in addition to a valid Certification of Compliance II or equivalent form will provide Issuers with the ability to report annually to CDLAC regarding compliance with the Federally Bond-Restricted unit restrictions. Information pertaining to the income verification process will be kept on file for 10 years. Applicants must retain documentation memorializing review and determination of income eligibility for 10 years. Source income documentation must be retained for 1 year. These guidelines rely on the compliance monitoring process and procedures in place for TCAC. To the extent TCAC is to alter their compliance policies and procedures, these guidelines shall be reviewed by CDLAC for consistency and changes made where appropriate.

(d) For all QRRP projects receiving allocation after December 31, 2016, Sponsors requesting an allocation of bonds absent the receipt of a TCAC reservation will be identified at the time of application and will have the following compliance options which will be represented in the Committee Resolution:

(1) Applicants that can demonstrate to the Executive Director's satisfaction experience and current capacity to conduct on-site physical and file inspections through their Compliance Policies will be required to conduct the 20% review of the Federally Bond-Restricted units files on-site and perform a site inspection consistent with their Bond Compliance Policy every 3 years after the Qualified Project Period has commenced.

(2) Applicants that cannot demonstrate to the Executive Director's satisfaction capacity to conduct on-site physical and file inspections through their Compliance Policies will be required to enter into an agreement with a private third party compliance firm, approved by CDLAC, who must conduct the 20% review of Federally Bond-Restricted units files on-site and perform a site inspection consistent with their current policies and procedures every 3 years after the Qualified Project Period has commenced.

(3) A Sponsor can enter into contract with CDLAC or a designee to monitor the Federally Bond-Restricted units for consistency with the bond regulatory agreement and the Committee Resolution. The charge for this service will be equivalent to the compliance fee charged by TCAC at the time the project submits their application to CDLAC.

(4) The election of the option will be included in the Committee Resolution.

Note: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a), 8869.85(b) and 8869.86(c), Government Code.

Section 5145. Certification of Compliance. (a) All QRRP Projects receiving an Allocation prior to December 31, 2016 shall be monitored for compliance with the applicable terms and conditions of the Committee Resolution by the Applicant and CDLAC for the longer of the period the bonds remain outstanding or the period of restriction outlined in Section 5192. MCC awards will be monitored until the allocation has been utilized. The Applicant shall annually collect from the Project Sponsor and retain for QRRP projects a Certification of Compliance I as attached to the Committee Resolution.

(b) For all Projects that receive allocation after December 31, 2016 and subject to a Regulatory Period and/or Compliance Period, the Applicant shall collect from the Project Sponsor and retain the applicable QRRP or Non-QRRP Certification of Compliance II as

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attached in the Committee Resolution or other comparable form outlined in an Applicant's approved Bond Compliance Policies. The QRRP or Non-QRRP Certification of Compliance II will be submitted annually to the Applicant until the Project is completed and then if the project is subject to a Regulatory Period and/or Compliance Period, every three years thereafter or sooner upon a termination of the Regulatory Period and/or Compliance Period. Additionally, Applicants shall collect from the Project Sponsor and retain the applicable QRRP or Non-QRRP Certificate of Completion as provided in the Committee Resolution or other comparable form outlined in an Applicant's approved Bond Compliance Policies. In both instances, the certification must be submitted by the Project Sponsor. The Applicant will then provide confirmation of receipt to the California Debt Limit Allocation Committee no later than March 1 of each applicable year (or at such other time as requested by the Committee) via the online compliance certification system. These requirements shall be enforceable by the Committee through an action for specific performance or other available remedy against the Project Sponsor.

(c) All QRRP Projects that receive Allocation and an award of low income housing tax credits shall be monitored by the Committee or an entity acting on its behalf for compliance with the terms and conditions of the Committee Resolution, and shall be subject to the provisions of section 10337 of Title 4 of the California Code of Regulations.

(d) All Non-QRRP Applicants must designate CDLAC, for the life of the bonds, to receive notice of changes in use and circumstances of Bond Default and Qualifying Bond Default.

Note: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.

Section 5146. Disqualification. The Committee may disqualify an Application for a portion of the Pool if any of the following have been documented about the Project Issuer, Project Sponsor or any entity that is a Related Party of the Project Sponsor:

(a) Significant outstanding non-compliance in matters relating to the annual Certification of Compliance I or Certification of Compliance II, Certificate of Completion, tenant files or physical conditions at any tax-exempt Bond or low income housing tax credit financed property in California. Requests to excuse properties monitored by the Committee or an entity acting on its behalf and owned by the Project Sponsor or any entity that is a Related Party of the Project Sponsor or management company will not be considered until the Committee has received documentation that the outstanding non-compliance matters have been resolved;

(b) Multiple or repeated failures to use committed public subsidies or private activity Bond allocations within applicable deadlines, or to provide committed physical amenities or services;

(c) Providing false information in connection with an Application; or

(d) Information that leads the Committee to reasonably and in good faith conclude that an allocation will be inimical to, or incompatible with, the purposes of these regulations or the laws regulating the allocation of the State Ceiling on Qualified Private Activity Bonds.

Note: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a), 8869.85(b) and 8869.86(c), Government Code.

Chapter 2. Qualified Residential Rental Projects

Article 1. Definitions

Section 5170. Definitions. In addition to the definitions set forth in Government Code section 8869.82 and unless otherwise required by the context, the following terms as used in this chapter are defined as follows:

"Adaptive Reuse" means the retrofitting and repurposing of existing buildings that create new Qualified Residential Rental Project units for the market, and expressly excludes any Project that involves rehabilitation or any construction affecting existing residential rental units.

"AMI" or "Area Median Income" means the median family income of a county as set by the U.S. Department of Housing and Urban Development

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"Capital Needs Assessment" means a document containing the information defined in section 5212.

"Community Revitalization Area" means a Distressed Community for which a comprehensive Community Revitalization Plan has been adopted and efforts specific to the plan have occurred.

"Community Revitalization Plan" means a comprehensive plan that details specific efforts being undertaken in a neighborhood or a community, that will result in the improvement of the economic conditions and the quality of life in that area.

"Energy Star" means the certification satisfying the requirements of 42 U.S.C. section 6294(a).

"Federal Promise Zone" means any area with a continuous boundary and a population of not more than 200,000 that is nominated by a local government or Indian tribe and designated by the U.S. Department of Housing and Urban Development to receive priority for Federal funding on the basis of its unemployment, poverty, vacancy, and crime rates.

"Federally Assisted At Risk Project" means a property that is at risk of conversion as defined by Revenue and Taxation Code section 17058(c)(4) and by section 10325(g)(5)(B)(i)-(v) of Title 4 of the California Code of Regulations; or a property that otherwise meets all requirements of Revenue and Taxation Code section 17058(c)(4) and section 10325(g)(5)(B)(i) of Title 4 of the California Code of Regulations, except that the federal assistance due to expire within two (2) calendar years of application to the Committee may include a tax-exempt private activity Bond regulatory agreement.

"FHA" means Federal Housing Administration.

"FHA Financed Project" means a project financed under 221(d)3, 221(d)4, 223(f) Federal Housing Administration insurance program, or the Section 202 or 811 Capital Advance program, or any HUD-sponsored capital financing pilot program.

"Final and Conclusive Determination Letter" means a written confirmation from the Department of Finance (DOEF) that its determination of an enforceable obligation as approved in a recognized obligation payment schedule is final and conclusive, and reflects DOF's approval of subsequent payments made pursuant to the enforceable obligation.

"Gross Rent" means gross rent as defined by 26 U.S.C. 42(g)(2)(B). Utility allowances, as provided by 26 U.S.C. section 42(g)(2)(B)(ii), will be included for purposes of this calculation. Projects that are Federally Assisted At Risk Projects or Projects that request low income housing tax credits are required to use Gross Rents for the calculation of restricted rents.

"Hard Costs" means the cost of the work specified in a construction contract, including site work, excluding contractor profit, general requirements and contractor overhead.

"High Quality Transit" means a transit line with service seven days per week that operates on a railway, dedicated right-of-way or contains at least one of the following characteristics for at least a portion of its route: use of a High Occupancy Vehicle (HOV) or High Occupancy Toll (HOT) lane, middle of the road boarding alignment, signal prioritization, or use of limited stop service, including express service and skip-stopping.

"HUD" means the United States Department of Housing and Urban Development.

"HUD Development Acknowledgement Letter" means HUD correspondence outlining that a project has submitted an application for FHA financing, that the application has been deemed complete, and that HUD is committed to providing the project with a Firm Commitment Letter prior to the issuance expiration date of the project's Allocation.

~~"HUD" means the United States Department of Housing and Urban Development.~~

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"HUD Firm Commitment Letter" means a HUD loan commitment for FHA financing.

"MAP Lender" means a HUD-qualified lender that prepares FHA forms and performs preliminary underwriting for certain FHA loan applications.

"Native American Lands" means real property located within the State of California that meets both the following criteria:

(a) is trust land for which the United States holds title to the tract or interest in trust for the benefit of one or more tribes or individual Indians, or is restricted Indian land for which one or more tribes or individual Indians holds fee title to the tract or interest but can alienate or encumber it only with the approval of the United States.

(b) the land may be leased for housing development and residential purposes under federal law.

"New Construction" means a Qualified Residential Rental Project with in which 100% of its units constitute new units to the market, and expressly excludes any Project that involves rehabilitation or any construction affecting existing residential rental units.

"Other Restricted Units" means units that are not Federally Bond-Restricted Units but are affordable and identified in the CDLAC resolution as being subject to the long-term rent and income restrictions

"Public Funds" means direct grants, below market rate or subsidized loans, loans where the repayment of the financing is deferred into the future or based on residual receipts from the Project's cash flow, direct funds from a public source including, but not limited to, waiver of fees or the value of land donated or leased by a public agency substantiated either by the actual purchase price of the land or by an appraisal whichever is lower, excluding a property tax exemption. Public Funds do not include any Allocation awarded by the Committee.

"Qualified Project Period" shall mean the same as defined in 26 U.S.C. section 142(d)(2)(A) and regulations promulgated thereunder, except that the minimum term shall be 30 years.

"Rent Comparability Matrix" means the form by which the third party that has completed the Market Study provides information comparing the Project to comparable properties in the Project's market area and evidences that each of the Project's unit types has met the requirements of Section 5191(b).

"Residential Rental Regulatory Agreement" means a covenant recorded against the title of a subject property by a government entity limiting the property's use to rental housing and restricting tenant incomes and rents to no more than 80% Area Median Income of the County in which the property is located.

"Scattered Site Project" means multiple location Projects that:

(a) except where a single existing project-based Section 8 contract is in effect that covers all locations, consist of no more than five (5) locations; and

(b) are not contiguous except for the interposition of a road, street, stream or similar property; and

(c) are proposed to be financed through a single pooled bond transaction; and

(d) all locations are:

(1) subject to a Residential Rental Regulatory Agreement or subject to a federal, state, or local rental or operating assistance agreement:

(A) within the boundaries of the same city, or

(B) within a 10-mile diameter circle within the same county, or

(C) within the same county if no location is within a city having a population of five-hundred thousand (500,000) or more; or

(2) All projects not described within (d)(1) must be within a one (1) mile diameter.

"Standard QRRP Competitive Application" means the Application for an Allocation of the Qualified Residential Rental Project Pool titled "Competitive Application for an Allocation of the

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State Ceiling on Qualified Private Activity Bonds for a Qualified Residential Rental Project (QRRP)" (revised 06-06-1611-16-16), which is hereby incorporated by reference.

"Standard QRRP Open Application" means the Application for an Allocation of the Qualified Residential Rental Project Pool titled "Non-Competitive Application for an Allocation of the State Ceiling on Qualified Private Activity Bonds for a Qualified Residential Rental Project (QRRP)" (revised 06-06-1611-16-16), which is hereby incorporated by reference.

"Substantial Renovation Project" means a multifamily residential rental project where the hard costs of rehabilitation, including overhead, profit, and general conditions, are at least \$35,000 per tenant unit.

"Supplemental Allocation" means the award of allocation to a Qualified Residential Rental Program Applicant for a Project that received previous Allocation.

"Supplemental Allocation Request Letter" means the written request for Supplemental Allocation for Projects having been awarded Allocation within the last thirty six (36) months that may be submitted in lieu of a complete Application. The letter must be signed and include information about the Project including the date and amount of prior Allocation, the current status of the Project, revised sources and uses of funds, justification for the request for additional Allocation, and any additional information the Committee or Executive Director deems necessary.

"Sustainable Building Methods" means any method or materials used in the development or rehabilitation of a Qualified Residential Rental Project that will increase energy efficiency by at least 15% above the energy standards set forth by the California Energy Commission in Part 6 (commencing with section 10-101) of Title 24 of the California Code of Regulations or a rehabilitation Project not subject to Title 24 Standards that reduces energy use on a per square foot basis by 25%.

"Table 1" means the table included in the Applications for a Qualified Residential Rental Project that itemizes the proposed number of units, square footage, rent, utility allowance, and the income restriction each unit or other characteristics deemed appropriate by the Committee for the subject Project.

"Table 2" means the table included in the Applications for a Qualified Residential Rental Project that itemizes the proposed total of all units, all restricted units, the number and percentage of units restricted for households at or below 50% of AMI, at or below 60% of AMI, or other characteristics deemed appropriate by the Committee for the subject Project.

"State of California Universal Application for the Development of Affordable Rental Housing" means the State of California Universal Application for the Development of Affordable Rental Housing as provided by the California Department of Housing and Community Development, the California Housing Finance Agency, the California Tax Credit Allocation Committee, and the California Debt Limit Allocation Committee for an Allocation of the Qualified Residential Rental Project Pool (revised 8-13-10), which is hereby incorporated by reference.

"Table 1" means the table included in the Applications for a Qualified Residential Rental Project that itemizes the proposed number of units, square footage, rent, utility allowance, and the income restriction each unit or other characteristics deemed appropriate by the Committee for the subject Project.

"Table 2" means the table included in the Applications for a Qualified Residential Rental Project that itemizes the proposed total of all units, all restricted units, the number and percentage of units restricted for households at or below 50% of AMI, at or below 60% of AMI, or other characteristics deemed appropriate by the Committee for the subject Project.

"Universal Competitive Addendum" means the application addendum submitted along with a State of California Universal Application for the Development of Affordable Rental Housing as provided by the California Department of Housing and Community Development, the California

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Housing Finance Agency, the California Tax Credit Allocation Committee, and the California Debt Limit Allocation Committee for an Allocation of the Qualified Residential Rental Project Pool titled "Competitive Application for an Allocation of the State Ceiling on Qualified Private Activity Bonds for a Qualified Residential Rental Project (QRRP) Universal Application Addendum" (revised 06-06-1611-16-16), which is hereby incorporated by reference.

"Universal Open Addendum" means the application addendum submitted along with a State of California Universal Application for the Development of Affordable Rental Housing as provided by the California Department of Housing and Community Development, the California Housing Finance Agency, the California Tax Credit Allocation Committee, and the California Debt Limit Allocation Committee for an Allocation of the Qualified Residential Rental Project Pool titled "Non-Competitive Application for an Allocation of the State Ceiling on Qualified Private Activity Bonds for a Qualified Residential Rental Project (QRRP) Universal Application Addendum" (revised 06-06-1611-16-16), which is hereby incorporated by reference.

"VOC" means a volatile organic compound.

Note: Authority cited: Section 8869.94, Government Code. Reference: Section 8869.84(c), Government Code.

Article 3. Minimum Requirements

Section 5191. Income and Rent Restrictions. All Qualified Residential Rental Projects must meet the following minimum income and rent restrictions, which will be included in the Committee Resolution.

(a) Minimum Income Restrictions. A minimum of ten percent (10%) of the units in a Qualified Residential Rental Project must have Gross Rents that are restricted to households with incomes no greater than fifty percent (50%) of the AMI. The rent restricted units that meet this requirement, with the exception of Mixed Income Pool Projects, and acquisition rehabilitation projects already subject to a Residential Rental Regulatory Agreement or a federal, state, or local operating or rental assistance agreement, and units located on the upper level floors of high-rise developments, shall be generally distributed in terms of location and number of bedrooms throughout the Project. All projects units shall be of comparable quality and offer a range of sizes and number of bedrooms comparable to those units that are available to other tenants.

(b) Minimum Rent Restrictions. Except for projects subject to an existing Residential Rental Regulatory Agreement that propose tenant paid rents and income targeting not exceeding one hundred-five percent (105%) of the current rents and targeting and operate with a vacancy rate of no more than five percent (5%), for single room occupancy and special needs housing a vacancy rate of no more than ten percent (10%) as demonstrated by a market study completed pursuant to 26 U.S.C. Section 42(m)(1)(A)(iii); the proposed tenant paid rents for each Restricted Rental Unit type (defined by bedroom count) in the proposed development shall be at least ten percent (10%) below the weighted average rent for comparable market rate units and each Restricted Rental Unit's value ratio (dollars per square foot) shall be at or below the weighted average unit value ratio for comparable market rate units as demonstrated in a Rent Comparability Matrix meeting the requirements of article 4 of this chapter.

Note: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.

Section 5192. Minimum Term of Restrictions. (a) Income and rent restrictions as identified in the Committee Resolution for the total number of units must be maintained for the Qualified Project Period. For the purposes of subsection (1) and (2) of this section, the Qualified Project Period is that period which begins on the date when ten percent (10%) occupancy is achieved and ends on the later of:

- (1) Thirty (30) years following the date on which fifty percent (50%) occupancy is achieved, or
- (2) The date on which Bonds are no longer outstanding.
- (3) For an acquisition/rehabilitation project where more than 10% of the units are available for occupancy within 60 days of the earlier of property acquisition or the bond issuance date, the

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Qualified Project Period begins 12 months after the bond issuance date and ends on the later of:

- (A) Thirty-one (31) years after the bond issuance date, or
- (B) The date on which Bonds are no longer outstanding.

(b) All Projects shall be subject to subdivision (a) or subdivision (c) of this section, unless a Project is intended for eventual tenant homeownership, in which case evidence of a financially feasible program must be submitted in the Application. The program shall include, but is not limited to, an exit strategy, home ownership counseling, funds to be set aside to assist tenants in the purchase of units, no involuntary relocation of tenants, and a plan for conversion of the facility to home ownership no sooner than the end of the initial 15-year Qualified Project Period as required by 26 U.S.C. section 142(d)(2)(A). In such a case, the regulatory agreement shall contain provisions for the enforcement of such covenants.

(c) If the round in which an Application is being considered has been established under an Open Application Process, the Committee shall increase the minimum term of restriction to fifty-five (55) years following the date on which fifty percent (50%) occupancy is achieved or otherwise commencement of the Qualified Project Period. Projects located on Native American Lands shall have a term of restriction of 50 years from the property lease effective date.

Note: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.

Section 5194. Project Costs. Applications with Projects where total project costs exceed ~~\$500,000~~ ~~\$400,000~~ per unit ~~or with Rural Projects where total project costs exceed \$350,000 per unit~~ must include an explanation for why costs are beyond these levels and demonstrate that such costs are justified. Applications with high project costs may be presented to the Committee individually from the balance of recommended Projects.

Note: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.

Article 4. Market Studies

Section 5200. Minimum Requirements. The Market Study must meet the current guidelines as required by the California Tax Credit Allocation Committee, Title 4, Division 17, Chapter 1, Section 10322(h)(10).

(a) A full Market Study with a Rent Comparability Matrix for each applicable unit type prepared within (180) days of the Application deadline by an independent third party having no identity of interest with the Applicant, Project Sponsor, or Related Party is required.

(b) The study must establish both need and demand for the proposed Project. If the Market Study does not support sufficient need and demand for the Project, the Application may be considered ineligible to receive an award of Allocation.

(c) Except where a waiver is obtained from the Executive Director in advance of a submitted application, CDLAC shall not award an allocation to a rural new construction project if a tax-exempt bond, tax credit, or other publicly assisted project housing the same population is currently under construction or has received an allocation of bonds within the same market area. The Executive Director may grant a waiver where newly constructed housing would be replacing specific existing housing, or where extraordinary demand warrants an exception to the prohibition. The Executive Director may also grant a waiver for subsequent phases of a single new construction project where those phases are described in the application of the initial phase.

(d) A market study shall be updated when proposed subject project rents change by more than five percent (5%), or the distribution of higher rents increased by more than 5%, or 180 days have elapsed between the earliest site inspection date for the subject property or comparable properties and the application submission deadline for the round in which the Project is seeking an allocation. CDLAC shall not accept an updated market study when more than twelve (12) months have passed since the earliest listed site inspection date of either the

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subject property or any comparable property. In such cases, applicants shall provide a new market study.

(e) Acquisition/Rehabilitation projects subject to an existing Residential Rental Regulatory Agreement or a federal, state, or local operating or rental assistance agreement may provide, as an alternative to providing a market study and affordability matrices consistent with Section 5200(a), a comprehensive market study consistent with 26 U.S.C. Section 42 (m)(1)(A)(iii). The study must be a written statement, certified by a third party market analyst, which includes a current rent roll. In addition, and the project must meet at least one of the following requirements:

- (1) as certified by a third-party market analyst, the proposed tenant paid rents and income targeting will not exceed one hundred-five percent (105%) of the current rents and targeting and a vacancy rate of no more than five percent (5%); for single room occupancy and special needs housing a vacancy rate of no more than ten percent (10%); or
- (2) as evidenced by copies of executed contracts, that the Project has been receiving federal, state, or local operating or rental assistance and will continue to receive such assistance for at least five (5) additional years. If a contract demonstrating operating or rental assistance for an additional five (5) years is not available, a letter signed by the contractor's senior official may be submitted that describes the efforts undertaken to effectuate an operating or rental assistance contract, the expected duration of the contract, and the expected contract execution date.

Note: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.

Article 7. Compliance Monitoring Post Issuance Oversight and Termination of Project-Based Subsidies

Section 5220. Certification of Compliance Regulatory Compliance. (a) ~~All Projects that receive an Allocation shall be monitored for compliance with the terms and conditions of the Committee Resolution by the Applicant. The Applicant shall annually collect and retain a Certification of Compliance, as provided in the Committee Resolution. The certification must be submitted by the Project Sponsor (on Project Sponsor letterhead) to the Applicant who will then provide confirmation of receipt to the California Debt Limit Allocation Committee no later than March 1 of each year (or at such other time as requested by the Committee) via the online compliance certification system. The requirement shall be enforceable by the Committee through an action for specific performance or other available remedy.~~

~~(b) All Projects that receive Allocation and an award of low income housing tax credits shall be monitored by the Committee or an entity acting on its behalf for compliance with the terms and conditions of the Committee Resolution, and shall be subject to the provisions of section 10337 of Title 4 of the California Code of Regulations.~~

~~(c) All Qualified Residential Rental Program QRRP allocation recipients are required to execute a Bond Regulatory Agreement (the "Regulatory Agreement") regulatory agreement, as a condition to the Committee's making an allocation, which will be recorded against the property for which the allocation is used, and will reflect all commitments outlined in exhibit A of the Committee's resolution. For projects submitted to CDLAC after December 31, 2016, the Regulatory Agreement shall terminate prior to the end of the CDLAC Resolution affordability term only in the event of (i) involuntary noncompliance with the provisions of the Regulatory Agreement caused by fire or other casualty, seizure, requisition, change in a federal law or an action of a federal agency after the bond issuance which prevents the Issuer, Fiscal Agent and/or the Trustee (as applicable) from enforcing such provisions, or (ii) foreclosure, exercise of power of sale, and/or transfer of title by deed in lieu of foreclosure in connection with a deed of trust directly or indirectly securing the repayment of Permanent Bonds, or condemnation or a similar event, but only if, in the case of the events described in either clause (i) or (ii) above, the bonds are redeemed within a reasonable period or the proceeds for the event are used to provide a project that meets the requirement of the Regulatory Agreement.~~

~~(b) If Cash Flow Permanent Bonds finance project costs in projects submitted to CDLAC after December 31, 2016, all units identified in the CDLAC resolution, including both the Federally Bond-Restricted Units and the Other Restricted Units, will be incorporated into the Bond Regulatory Agreement. Assumptions to be included in the Bond Regulatory Agreement~~

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regarding the Other Restricted Units will include the AMI as outlined in the CDLAC resolution, a limitation that tenants pay no more than 30% of their income, and 1.5 person per bedroom occupancy standard to determine the applicable rent.

(c) For projects receiving allocation after December 31, 2016, The Bond Regulatory Agreement will:

- (1) Incorporate the CDLAC resolution by reference and as an attachment;
- (2) Have a term consistent with the income and rental restrictions established in the Resolution. The Bond Regulatory Agreement shall terminate in an Open Application process 55 years, and in a Competitive Application Process 30 years, from the date 50% occupancy is achieved or the commencement of the CDLAC Qualified project period, whichever date is earlier;
- (3) Include all applicable income and affordability requirements outlined in 26 U.S.C. § 142, Cal. H&S Code § 34312.3 (c) (1) & (2), Cal. H&S Code § 51335(a), and Cal. H&S Code § 52080 (a)(1);
- (4) Clarify that compliance with items not contained within the body of the Bond Regulatory Agreement but referred to in the CDLAC resolution are the responsibility of the Sponsor to report to the Issuer;
- (5) Designate CDLAC to receive notice of changes in ownership, Issuer, project name and management company; and
- (6) Designate CDLAC to receive all notices regarding defaults associated with the rents and income requirements, Bond Default, Qualified Bond Default, and regulatory termination.

(d) Where a Project is receiving renewable project-based rental assistance or operating subsidy:

- (1) the Sponsor shall in good faith apply for and accept all available renewals; and
- (2) if the project-based rental assistance or operating subsidy is terminated through no fault of the owner, the property owner shall immediately notify CDLAC in writing and shall make every effort to find alternative subsidies or financing structures that would maintain the deeper income targeting contained in the CDLAC resolution. Upon documenting to CDLAC's satisfaction unsuccessful efforts to identify and obtain alternative resources, the owner may increase rents and income targeting for rent restricted units above the levels allowed by the CDLAC resolution up to the federally and state-permitted maximums. Rents shall be raised only to the extent required for financial feasibility, as determined by CDLAC. Where possible, remedies shall include skewing rents higher on portions of the project in order to preserve affordability for units regulated by CDLAC at extremely low income targeting. Any necessary rent increases shall be phased in as gradually as possible, consistent with maintaining the project's financial feasibility. If housing special needs populations, the property owner shall attempt to minimize disruption to existing households, and transition to non-special needs households only as necessary and upon vacancy whenever possible.

Note: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.

Section 5221. Disqualification. The Committee may disqualify an Application for a portion of the Qualified Residential Rental Pool if any of the following have been documented about the Project Issuer, Project Sponsor or any entity that is a Related Party of the Project Sponsor:

- (a) Significant outstanding non-compliance in matters relating to the annual Certification of Compliance, tenant files or physical conditions at any tax-exempt Bond or low income housing tax-credit financed property in California. Properties monitored by the Committee or an entity acting on its behalf and owned by the Project Sponsor or any entity that is a Related Party of the Project Sponsor or management company will not be considered until the Committee has received documentation that the outstanding non-compliance matters have been resolved;
- (b) Multiple or repeated failures to use committed public subsidies, private activity Bond allocations within applicable deadlines, or to provide physical amenities or services;
- (c) Providing false information in connection with an Application; or
- (d) Information that leads the Committee to reasonably and in good faith conclude that an allocation will be inimical to, or incompatible with, the purposes of these regulations or the laws regulating the allocation of the State Ceiling on Qualified Private Activity Bonds.

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~~Note: Authority cited: Section 8869.94, Government Code. Reference: Section 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.~~

Article 8. Evaluation Criteria

Section 5230. Evaluation Criteria.

(a) The following criteria will be used to evaluate and rank all Applications whether for Mixed Income Projects, Rural Projects or other Qualified Residential Rental Projects. Any points awarded in this section shall be rounded to the nearest one-tenth decimal place unless otherwise stated in this section. Each of the items in this section shall be memorialized in the Committee Resolution.

(b) Preservation Projects. Projects meeting the following criteria shall receive the following points, up to a maximum of 20 points:

(1) a project subject to a Residential Rental Regulatory Agreement or a local, state, or federal rental or operating assistance contract, or a project subject to an expired residential rental agreement that continues the rental structure prescribed by the expired residential rental agreement, as demonstrated by a copy of the executed agreement or contract, shall receive ten (10) points;

(2) a project eligible for points under subdivision (b)(1) shall receive an additional ten (10) points if it receives state or federal rental assistance or a state, federal, or local operating subsidy and, as a result, the rents are limited in at least fifty percent (50%) of the Project's tenant units to no more than thirty percent (30%) of each such unit's tenants' income, as demonstrated by a copy of the executed agreement or contract;

(3) a Project eligible for points under subdivision (b)(1) shall receive an additional ten (10) points if it has income restricted tenant paid rents for each Restricted Rental Unit type that on average are at least twenty percent (20%) below rents for the same unit types in comparable market rate rental properties, as demonstrated in a market study meeting the requirements of section 5200(e) and in a table utilizing three (3) market comparable properties for each restricted unit type in the Project.

(c) Exceeding the Minimum Income Restrictions (35 points maximum for Qualified Residential Rental Projects other than Mixed Income Projects, 15 points maximum for Mixed Income Projects). Points will be awarded as set forth below for the percentage of units that are Restricted Rental Units. The Gross Rent definition will apply to the rents calculated in this subdivision.

(1) For each ten percent (10%) increment of units restricted at fifty percent (50%) of AMI or below, Qualified Residential Rental Projects other than Mixed Income Projects will receive seven (7) points, and Mixed Income Projects will receive three (3) points (fractional percentages above the minimum 10% increment will be calculated on a pro rata basis and the total points calculated will be rounded to the nearest whole number).

(2) For each ten percent (10%) increment of units restricted at greater than fifty percent (50%) of AMI, and up to sixty percent (60%) of AMI, Qualified Residential Rental Projects other than Mixed Income Projects will receive two (2) points, and Mixed Income Projects will receive one-half (½) point.

(d) Gross Rents (5 points).

(1) Five (5) points will be awarded to Projects which utilize Gross Rents to define Restricted Rental Units as evidenced by one of the following:

(A) A letter from the local public housing authority that includes a current utility allowance schedule, certifies that the proposed Project is located within its jurisdiction and itemizes which components of the utility allowance schedule applies to the Project. Projects that are subject to a Department of Housing and Urban Development (HUD) Section 8 Housing Assistance Payments Program do not require a housing authority certification and may rely solely on the utility allowance included in a HUD rent schedule provided the schedule specifically identifies the name of the Project.

(B) If a Project is to be substantially retrofitted for energy conservation or will be newly constructed with substantial energy conservation, the Applicant may submit revised utility allowances based on the projected reduction in utility costs after construction or retrofit. The revised utility allowances shall be validated by either of the following:

1. A letter from the public utility or housing authority having jurisdiction over the Project that validates the revised utility allowances based on the proposed use of energy conservation materials, or

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2. A current utility allowance estimate consistent with 26 CFR section 1.42-10. The Applicant must indicate which components of the utility allowance schedule apply to the Project. For buildings that are using an energy consumption model utility allowance estimate, the estimate shall be calculated using the most recent version of the California Utility Allowance Calculator (CUAC) developed by the California Energy Commission. The CUAC estimate shall be signed by a California Association of Building Energy Consultants (CABEC) Certified Energy Analyst (CEA). Measures that are used in the CUAC that require field verification shall be verified by a certified HERS Rater, in accordance with current HERS regulations. Use of the CUAC is limited to new construction projects and existing tax credit projects with Multifamily Affordable Solar Housing (MASH) program awards that offset tenant area electrical load.

(e) Exceeding the Minimum Rent Restrictions (10 points maximum). One (1) point will be awarded for each percentage point the highest rental rate of each Restricted Rental Unit type (defined by bedroom count) is more than twenty percent (20%) below the average adjusted rental rates of comparable units as demonstrated by each applicable Rent Comparability Matrix. The average of all Restricted Rental Unit type percentage points beyond 20% will be used to determine the number of awarded points. All unit types must be more than twenty percent (20%) below the average adjusted rental rates of comparable units as demonstrated by each applicable Rental Comparability Matrix to qualify for points under this category. Where sizes (defined by square footage) vary among those units with the highest rent, the smallest or these units shall be the basis for this comparison. When family comparables are used in addition to senior comparables (outside the 1-mile radius) points will be calculated using the family matrices. Applications receiving points under subdivision (b) of this section shall be ineligible to receive points under this subdivision.

(f) Exceeding the Minimum Term of Restrictions (10 points maximum). If the Committee establishes a Competitive Application Process, Applications that maintain the Qualified Project Period for longer than thirty (30) years will be awarded two (2) points for every five (5) years of affordability beyond thirty (30) years.

(g) Large Family Units (5 points). Five (5) points will be awarded to those Projects where at least twenty-five percent (25%) of the Restricted Rental Units are three-bedroom or larger units.

(h) Leveraging (10 points maximum).

(1) Applications that include Public Funds as a permanent funding source are eligible for points.

All Public Funds must be committed by a public entity at the time of Application. Evidence provided shall signify the form of the commitment, the amount of the loan, grant or subsidy, the length of the term of the commitment, conditions of participation, express authorization from the governing body or an official expressly authorized to act on behalf of said governing body, committing the funds, and the Project Sponsor's acceptance. Commitments shall be final and only subject to conditions within the control of the Project Sponsor. Funding commitments shall be from funds within the control of the entity making the commitment at the time of the Application. One (1) point will be awarded for every dollar of Public Funds committed as a percentage of total development costs (minus developer fees).

(2) Applications that include Taxable Debt as a permanent funding source, in addition to tax-exempt Bond financing, are eligible for points based on the degree that the Taxable Debt supplants the use of tax-exempt Bond financing. The requirement for using Taxable Debt will be included in the Committee Resolution. Taxable Debt may only be utilized for project related expenses, not for the cost of issuance, for which the Applicant could otherwise have used tax-exempt financing in order to receive points under this category. One-half (1/2) of a point will be awarded for every dollar of Taxable Debt committed as a percentage of total development costs (minus developer fees).

(i) Community Revitalization Area Criteria (5 points). Projects meeting the following criteria will receive 5 points:

(1) The project is located within:

(A) any Qualified Census Tract or equivalent geographic area defined by the Census Bureau in which at least fifty percent (50%) of the households have an income of less than sixty percent (60%) AMI; or

(B) a Federal Promise Zone; and

(2) The development will contribute to a concerted Community Revitalization Plan as demonstrated by a letter from a local government official. The letter must delineate the community revitalization efforts, including but not limited to:

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- (A) community enhancement services in the neighborhood, including but not limited to, job training or after-school enrichment programs;
 - (B) funds, not including funds for the proposed project, that have been expended in the past three (3) years, that are being expended or that are committed to be expended to improve the community infrastructure, including, but not limited to, parks, storm water systems, sewer systems, or street improvements of the overall area;
 - (C) projects, including but not limited to, retail, office and housing that contributes to community revitalization that have been completed within the past three (3) years, are underway or are committed to be completed; and
 - (D) how the project would contribute to the community's revitalization.
- (j) Site Amenities (10 points maximum)
- (1) The Committee will award points to Applications with site amenities as described in this subdivision. Except as specifically set forth in this section, points will be awarded only for those amenities that exist at the time of Application. Applicants requesting points for site amenities that do not currently exist must include a letter from the controlling entity, signed by an authorized individual representing the entity, that states the funds for the amenity are committed, and the amenity is planned. The letter shall also state the anticipated date for the amenity to be placed in service, which shall not be more than two (2) years after the date the Project is anticipated to be placed in service.
- (2) Points will be awarded provided the site amenities are appropriate for the population served, and a scaled-for-distance map showing the location of the Project and amenities is provided as follows:
- (A) Points will be awarded for the following Transit amenities:
1. Two and one-half (2 ½) points for projects located within one-third (1/3) mile of a Public Transit Corridor or, for Rural Projects where there is no public transportation system, to projects using a van or dial-a-ride service; or
 2. Two and one-half (2 ½) points for projects located within one-half (1/2) mile of a High Quality Transit stop or station.
 3. Projects eligible for points in subsection (A)(1) or (2) will receive the following additional points for committing to provide to residents monthly passes for the transit amenity for which the project received points at no cost or priced at no more than half of retail cost. Passes shall be made available on a first-come, first-served basis to all tenants of rent-restricted units for at least 15 years:
 - a. three (3) points for at least one pass per rent-restricted unit.
 - b. one and one-half points (1½) for at least one pass per each 2 Rent-Restricted units.
- (B) Two and one-half (2 ½) points will be awarded to Projects located within one-half (½) mile of a park or recreational facility.
- (C) Points will be awarded under 1 of the 2 following categories: i) Two and one-half (2 ½) points will be awarded to Projects located within one-half (½) mile (1 mile for Rural Projects) of a full service grocery store of at least 25,000 gross interior square feet; or ii) Two and one-half (2 ½) points will be awarded to Projects located within one-fourth (1/4) mile (one-half (½) mile for Rural Projects) of a full service grocery store of at least 5,000 gross interior square feet. Evidence shall include, but is not limited to, the following: a signed letter from a county assessor or city planner for that jurisdiction certifying the square footage of the grocery store, a letter from the store manager, or a letter from the Project's architect. The letter must state the square footage of the grocery market. A full service grocery store shall mean for the purpose of this section a store or market that provides at minimum, food staples, fresh meats and/or poultry, dairy products, and produce, as well as other personal and household products and sundries.
- (D) Two and one-half (2 ½) points will be awarded to Projects located near a school. The site is within 1/4 mile of a public elementary school; 1/2 mile of a public middle school; or one (1) mile of a public high school that children living in the development may attend (an additional 1/2 mile for each public school type for Rural projects) and that the site is within the attendance area of that school. Projects where all units are restricted to households having members 55 years or older, shall not be eligible for points in this category. Evidence shall include, but is not limited to, the following: a signed letter from the school district with the appropriate Project address stating said address is within the boundaries of the school, or documentation from an internet-based school locator tool.
- (E) Two and one-half (2 1/2) points will be awarded to Projects located within:
1. 1/2 mile (for Rural set-aside projects, 1 mile) of a medical clinic:

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- a. that has a physician, physician's assistant, or nurse practitioner onsite for a minimum of 40 hours each week, and
- b. that accepts Medi-Cal and Medicare payments, or Health Care for the Homeless for projects housing homeless populations, or that has an equally comprehensive subsidy program for low-income patients; or

2. 1 mile (for Rural set-aside projects, 1.5 miles) of a hospital (not merely a private doctor's office); or

3. 1/2 mile (for Rural projects, 1 mile) of a pharmacy.

(F) Two and one-half (2 ½) points will be awarded to Projects located within one-half (½) mile of a public library.

(G) Two and one-half (2 ½) points will be awarded to Projects which provide high speed internet or wireless "WiFi" service connection in each unit. High speed internet service, with a minimum average download speed of 768 kilobits/second must be made available to each unit for a minimum of 15 years, free of charge to the tenants, and available at the time of the project's placed-in-service date.

(k) Sustainable Methods (10 points maximum).

(1) Points will be awarded provided that the Project Sponsor and the licensed Project architect each submit a certification indicating which items, commencing with subdivision (k)(3) of this section, will be included in the Project's design and any relevant specifications.

(2) The Project Sponsor shall submit a certification at Project completion from the Project's licensed architect that the design elements that formed the basis for any award of points pursuant to subdivision (k) have been met or exceeded. A Project Sponsor may be subject to monitoring for compliance with this certification. A Project Sponsor receiving points under subdivision (k) who fails to meet this requirement will be subject to negative points under subdivision (n) of this section.

(3) Five (5) points will be awarded to Projects that commit to irrigate only with reclaimed water, greywater, or rainwater (excepting water used for Community Gardens) provided that the offset of potable water equals or exceeds 10,000 gallons annually.

(4) Two (2) points will be awarded to Projects that commit to having at least one (1) nonsmoking building. If the proposed Project contains only one (1) building, the Project is subject to a policy developed by the Sponsor that prohibits smoking in contiguous designated units. In both circumstances these restrictions shall be incorporated into the lease agreements for the appropriate units.

(5) Two (2) points will be awarded to Projects that commit to a parking ratio equivalent to or less than 1 parking stall per single room occupancy or one-bedroom restricted rental unit and 1.5 parking stalls per two-bedroom or larger restricted rental unit.

(6) New Construction and Adaptive Reuse Projects: Up to six (6) Five (5) points will be awarded to projects that commit to developing the project in accordance with the California Tax Credit Allocation Committee's minimum requirements for energy efficient programs, Title 4, Division 17, Chapter 1, Section 10325 (c)(6)(A).

~~(7) For projects receiving points under subdivision (k)(6) of this section, Applicants may be awarded points for committing to developing their project beyond the minimum requirements of the green building program chosen in subdivision (k)(6) of this section:~~

| | | |
|---------------------|----------|----------|
| LEED | Silver | Gold |
| GreenPoint Rated | Silver | Gold |
| - | 3 points | 5 points |

~~(87) New Construction or and Adaptive Reuse Projects: not eligible for points under subdivision (k)(6) of this section. Points shall be awarded energy efficiency points according to one of the following: the California Tax Credit Allocation Committee's minimum requirements for energy efficiency programs, Title 4, Division 17, Chapter 1, Section 10325 (c)(6)(B).~~

~~(A) Energy efficiency (including heating, cooling, fan energy, and water heating but not the following end uses: lighting, plug load, appliances, or process energy) beyond the requirements in the 2013 Title 24, Part 6, of the California Building Code (the 2013 Standards), shall be awarded as follows:~~

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| Percentage better than the 2013 Standards | Low-Rise Multifamily (3 or fewer habitable stories) | High-Rise Multifamily (4 or more habitable stories) |
|---|---|---|
| 9 percent | 3 points | 4 points |
| 15 percent | 5 points | 6 points |
| 24 percent | 8 points | 9 points |
| 30 percent | 10 points | 10 points |

(B) Energy Efficiency with renewable energy that provides the following percentages of project tenants' energy loads:

| Offset of Tenants' Load | Low-Rise Multifamily (3 or fewer habitable stories) | High-Rise Multifamily (4 or more habitable stories) |
|-------------------------|---|---|
| 20 percent | 3 points | 4 points |
| 30 percent | 4 points | 5 points |
| 40 percent | 5 points | |

The percentage Zero Net Energy (ZNE) solar offset of a project's tenant energy loads is to be calculated using the California Utility Allowance Calculator (CUAC) with kilowatt hours (kWh) consumed to be balanced by kilowatts generated on site. Gas use is to be converted to kWh for percentage ZNE offset calculations, assuming 1 Therm = 29.3 kWh, and 100,100 British Thermal Units (BTUs) = 29.3 kWh. Residential energy loads modeled by the CUAC shall include all energy used by tenants, both gas and electric, regardless of whether the energy load is billed to the owner or the tenants. This calculation excludes non-residential energy uses associated with the community building, elevators, parking lot lighting, and similar end uses, but includes domestic hot water and Heating, Ventilation, and Air Conditioning (HVAC) loads, regardless of whether they are central or distributed.

(98) Rehabilitation Projects: The project will be rehabilitated to improve energy efficiency above the modeled energy consumption of the building(s) based on existing conditions. In the case of projects in which energy efficiency improvements have been completed within five years prior to the application date pursuant to a public or regulated utility program or other governmental program that established existing conditions of the systems being replaced using a HERS Rater, the applicant may include the existing conditions of those systems prior to the improvements. Points are awarded based on the energy efficiency criteria described for Rehabilitation Projects in The California Tax Credit Allocation Committee regulations, Title 4, Division 17, Chapter 1, Section 10325(c)(6)(C), (D) and (E).

building(s) percentage decrease in estimated annual energy use (or improvement in energy efficiency) in the building's Home Energy Rating System II (HERS II) rating post rehabilitation:

| Improvement Over Current | |
|--------------------------|-----------|
| 15 percent | 3 points |
| 20 percent | 5 points |
| 25 percent | 7 points |
| 30 percent | 10 points |

-(10) Additional Rehabilitation Project Measures:

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(A) For projects receiving points under subdivision (k)(9) of this section, Applicants may be awarded three (3) points for committing to developing, and/or managing, their project with one or more of the following:

1. Photovoltaic (PV) generation that offsets tenant loads; or
2. PV that offsets either 50 percent (50%) of common area load (if the combined available roof area of the project structures, including carports, is insufficient for provision of 50% of annual common area electricity use, then the project shall have onsite renewable generation based on at least 90 percent (90%) of the available solar accessible roof area); or
3. Solar hot water for all tenants who have individual water meters.

(B) For projects receiving points under subdivision (k)(9) of this section, Applicants may be awarded two (2) points for projects that implement sustainable building management practices including:

1. Develop a project specific maintenance manual including replacement specifications and operating information of all energy and green building features; and
2. Undertake formal building systems commissioning, retro-commissioning or re-commissioning as appropriate (continuous commissioning is not required).

(C) Applicants may be awarded three (3) points for individually metering or sub-metering currently master metered gas, electricity, or central hot water systems for all tenants.

(119) Compliance and Verification. The form of evidence shall follow that described in Title 4, Division 17, Chapter 1, Section 10325(c)(6)(G). Projects that receive an award of low income housing tax credits (LIHTC) shall submit evidence of compliance to TCAC with the Placed in Service Application. Projects that receive a Qualified Residential Rental Bond allocation, and do not receive a LIHTC award, shall submit Evidence of Compliance to CDLAC. For projects under construction or rehabilitation, the information is due following receipt of the verification, but in no event shall this documentation be submitted more than two years after the issuance of bonds. Compliance will be demonstrated as follows:

(A) For Applications that receive points under subdivisions (k)(6) and (k)(8) of this section, the Applicant must submit the appropriate required third party verification documentation showing the project has met the requirements for the relevant program.

(B) For Applications that receive points under subdivision (k)(7), the Applicant must submit the appropriate California Energy Commission compliance form for the project which shows the necessary percentage improvement better than the appropriate Standards. This compliance form must be the output from the building(s) modeled "as built" and reflect all relevant changes that impact the building(s) energy efficiency that were made after the Application was submitted. The compliance form must be signed by a California Association of Building Energy Consultants (CABEC) Certified Energy Analyst (CEA). Documentation for measures that require verification by California Home Energy Rating System (HERS) Raters must also be submitted.

(C) For Applications that receive points under subdivision (k)(9), the Applicant must submit the California Energy Commission HERS II energy consumption and analysis report, completed by a California Association of Building Energy Consultants (CABEC) Certified Energy Analyst (CEA), which shows the pre and post rehabilitation HERS II estimated annual energy use demonstrating the required improvement and is signed by a qualified HERS Rater.

(D) For Applications that receive points under subdivision (k)(10) the Applicants must submit the following documentation:

1. For projects including photovoltaic generation that offsets tenant loads, the Applicant must submit evidence as required by the California Tax Credit Allocation Committee, Title 4, Division 17, Chapter 1, Section 10325 (c)(6)(F)(6)(i).
2. For sustainable building management practices, the Applicant must submit a copy of the energy management and maintenance manual and the building commissioning plan.
3. For sub-metered central hot water systems, the Applicant must demonstrate compliance with the California Public Utilities Commission regulations for hot water sub-metering and billing by submitting a copy of the Utility Service Agreement from project's local utility provider.

(12) Failure to produce the appropriate documentation for subdivisions (1) through (11) of this subsection may result in an award of negative points for the Project Sponsor.

(I) Service Amenities (10 points maximum).

(1) Points will be awarded provided the Project Sponsor certifies the following:

(A) Service amenities must be appropriate to the tenant population served and committed to for a minimum of fifteen (15) years. Programs must be of a regular, ongoing nature and

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provided to tenants free of charge, except for day care services. Services must be designed to generate positive changes in the lives of tenants, such as increasing tenant knowledge of and access to available services, helping tenants maintain stability and prevent eviction, building life skills, increasing household income and assets, increasing health and well-being, or improving the educational success of children and youth.

(B) Services must be provided on-site except that Projects may use off-site services within a one-half (½) mile of the Project (one and one-half (1½) miles for Rural projects) provided that they have a written agreement with the service provider at the time of Application enabling the development's tenants to use the services free of charge (except for day care and any charges required by law) and that demonstrate that provision of on-site services would be duplicative. Projects may use off-site services located more than one-half (½) mile from the Project (one and one-half (1½) miles for Rural projects) provided that they have a written agreement with the service provider at the time of Application enabling the development's tenants to use the services free of charge (except for day care and any charges required by law) and that demonstrate that provision of on-site services would be duplicative, and a written agreement at the time of Application demonstrating that tenants will be provided with free of charge round-trip transportation between the development and the off-site services. Referral services will not be eligible for points.

(C) Contracts with service providers, service provider experience, and evidence that physical space will be provided on- or off-site must be documented within the Application. Documentation must be provided for each category of services for which the Applicant is claiming service amenity points and must state the name and address of the organization or entity that will provide the services; describe the services to be provided; state annual value of the services; commit that services will be provided for a period of at least one (1) year; and name the project to which the services are being committed. Evidence shall take the form of a contract for services, Memorandum of Understanding (MOU), or commitment letter on agency letterhead. Services delivered by the on-site Property Manager or other property management staff will not be eligible for points under any category. All organizations providing services for which the project is claiming points must document that they have at least 24 months of experience providing services to the project's target population. Experience of individuals may not be substituted for organizational experience.

(D) The Application must propose a combined annual value of at least \$10,000, or \$5,000 for Projects of twenty (20) units or fewer, for those services. In addition, any donated services must be assigned a dollar value by the provider of those services. Applications must contain a detailed budget clearly displaying all anticipated income and expenses associated with the Project's services program.

(2) Points will be awarded in this subdivision as follows:

(A) Five (5) points to family Projects with after school programs of an ongoing nature. Programs shall include, but are not limited to: tutoring, mentoring, homework club, art and recreation activities. Programs shall be provided on weekdays throughout the school year for at least 10 hours per week.

(B) Five (5) points to Projects with instructor-led educational classes, health and wellness, or skill building classes, including but not limited to: financial literacy, computer training, home-buyer education, GED, resume building, ESL, nutrition, exercise, health information/awareness, art, parenting, on-site food cultivation and preparation, and smoking cessation. Instruction is to be provided a minimum of 84 hours per year (drop-in computer labs, monitoring or technical assistance shall not qualify).

(C) Five (5) points to Projects with licensed childcare providing 20 hours or more per week (Monday through Friday) to residents of the development.

(D) Five (5) points to Projects with wellness services and programs, such services and programs shall provide individualized support for tenants (not group classes) but need not be provided by licensed individuals or organizations. The services and programs shall include, but are not limited to: visiting nurses programs, intergenerational visiting programs, and senior companion programs. The services and programs shall be provided for a minimum of 100 hours per year.

(E) Five (5) points to Projects with a full time-equivalent (FTE) bona fide service coordinator/social worker available, provided that the experience of the coordinator, the duties of the coordinator and a budget to pay for the coordinator are included in the Application. The minimum number of hours per year for the full time-equivalent service coordinator/social worker will be calculated based on the formula: $1) \text{ the number of bedrooms} \times 0.0017 = \text{FTE}$

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multiplier; then 2) FTE Multiplier X 2,080 = minimum number of hours per year (up to a maximum of 2,080 hours). The responsibilities must include, but are not limited to: (a) providing tenants with information about available services in the community, (b) assisting tenants to access services through referral and advocacy, and (c) organizing community-building and/or enrichment activities for tenants (such as holiday events, tenant council, etc.) (m) New Construction and Substantial Rehabilitation Projects (10 points). Ten (10) points will be awarded to new construction, substantial renovation or adaptive re-use Projects with Restricted Rental Units.

(n) For projects subject to the Competitive Application Process, one (1) point will be awarded for each one percent (1%) of foregone eligible developer fee, as determined by the California Tax Credit Allocation Committee, pursuant to Title 4, Division 17, Chapter 1, Section 10327, up to a maximum of ten (10) points.

(o) Negative Points (No maximum).

(1) The Committee will deduct points for an Application involving a Project Sponsor that has been or is a Related Party to a Project Sponsor (i.e. in the ownership structure) for which an Allocation has been awarded as follows:

(A) Ten (10) points will be deducted for each failure to fully utilize the committed public subsidies or Taxable Debt for which points were awarded in connection with the prior Allocation, unless it can be demonstrated that the failure was unforeseen and entirely outside of the Project Sponsor's control or the amount not utilized is not material. This deduction will be assessed against the Project Sponsor for a period of two (2) calendar years (10 points each year) from the date on which the prior Allocation was awarded.

(B) Ten (10) points will be deducted for each failure to issue Bonds that results in the full amount of the Allocation reverting back to the Committee, unless it can be demonstrated that the failure was unforeseen and entirely outside of the Project Sponsor's control. This deduction will be assessed against the Project Sponsor for a period of two (2) succeeding years (10 points each year) following the year Allocation was awarded.

(C) Ten (10) points will be deducted for each failure to spend the proceeds of Bonds issued pursuant to an Allocation in full, or in accordance with the terms and conditions of the Committee Resolution, unless it can be demonstrated that the failure was unforeseen and entirely outside of the Project Sponsor's control, the amount not spent is not material, or the deviation from the terms and conditions of the Committee Resolution is not material. This deduction will be assessed against the Project Sponsor for a period of three (3) calendar years (10 points each year) from the date of determination of failure to spend proceeds.

(D) Ten (10) points will be deducted for failure to comply with any provision of the Committee Resolution, unless it can be demonstrated that the failure was unforeseen and entirely outside of the Project Sponsor's control. This deduction will be assessed for a period of three (3) calendar years (10 points each year) from the date of determination of non-compliance with the Committee Resolution.

(2) Where TCAC has determined an Application for tax credits involving a Project Sponsor that has been or is a Related Party to a Project Sponsor who is subject to negative points under its regulations, CDLAC will deduct an equal amount of points for an equal period of time from tax exempt bond applications involving the Project Sponsor or a Related Party to the Project Sponsor.

(3) Where TCAC has determined an Applicant for tax credits involving a Project Sponsor that has been a Related Party to a Project sponsor who is subject to any type of determination of ineligibility, CDLAC will recognize the length of ineligibility and apply it to the tax exempt bond applications involving the Project Sponsor or Related Party to the Project Sponsor.

(4) Multiple or repeated failures of subdivisions (n)(1) or (3) of this section may result in the Committee finding Applications involving the Project Sponsor ineligible for consideration of an Allocation.

Note: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code

Section 5233. Allocation Limits. (a) Limit CDLAC bond allocation on a per unit basis (adjusted by the number of bedrooms) in the General and Rural Multifamily Pools as follows:

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| | |
|-----------------------|-----------|
| Studio and SRO: | \$402,500 |
| One-bedroom: | \$420,000 |
| Two-bedroom: | \$447,500 |
| Three-bedroom: | \$492,500 |
| Four or more bedroom: | \$517,500 |

Note: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.

Article 9. Supplemental Allocation

Section 5240. Supplemental Allocation Process. (a) Requests for Supplemental Allocations may be submitted during any Allocation Round. Staff shall review each request for Supplemental Allocation and make a recommendation to the Committee regarding any possible award of additional Allocation. Awards of Supplemental Allocations shall be memorialized in a Committee Resolution. Notwithstanding section 5241, all requirements imposed on the initial Allocation, including, but not limited to, expiration of Allocation, Bond issuance deadlines, extensions, transfers of Allocation, carry-forward elections and reporting will be equally applicable to Supplemental Allocations.

(b) Requests for Supplemental Allocation submitted during Allocation Rounds conducted under an Open Application Process may be made with a Supplemental Allocation Request Letter if the Project has received Allocation within the past thirty six (36) months. Supplemental Allocation Request Letters must be accompanied with the following requirements:

- (1) Posting of a performance deposit pursuant to section 5050.
- (2) Payment of a filing fee pursuant to section 5054.
- (3) Evidence of the Bond sale structure pursuant to article 6 of chapter 1.
- (4) An inducement resolution pursuant to section 5033(b)(4).
- (5) A TEFRA Resolution pursuant to section 5033(b)(5).
- (6) Updated sources and uses sections of pages 7-9 with associated attachments E, G, and H of the CDLAC Non-Competitive Application For An Allocation Of The State Ceiling On Qualified Private Activity Bonds For A Qualified Residential Rental Project (QRRP)(revised 11-25-14).
- (7) An original and copy of the material noted in sub-section (b)(1) through (b)(6) should be submitted in a three ring binder no later than the applicable application deadline.

(c) Supplemental Allocation requests for Projects that have received Allocation more than thirty six (36) months prior or are submitted during a Competitive Application Process must comply with the process for filing a new complete Application pursuant to article 4 of chapter 1 and the appropriate provisions of this chapter.

Note: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.

Article 10. Scattered Site Applications

Section 5250. Application Requirements. (a) Applications for Scattered Site Projects shall provide all information required for each site. Additional stipulations are as follows:

- (1) Data in Table 1 and Table 2, as defined in section 5170, shall be provided for each site and as a combined total. Each site must independently meet the Committee's income and rent restriction requirements as required in section 5191.
- (2) A Capital Needs Assessment report may combine information for all Project sites in one report.
- (3) A Market Study may combine information for all Project sites in one report; however the Market Study shall have separate Rent Comparability Matrices for each site.
- (4) Acquisition/Rehabilitation Projects where each location is subject to an existing Residential Rental Regulatory Agreement or a federal, state, or local operating or rental assistance agreement may provide, as an alternative to providing a market study and affordability matrices consistent with Sections 5200(a) and 5250(a)(3), a comprehensive market study consistent with 26 U.S.C. Section 42(m)(1)(A)(iii). The study must be a written statement certified by a third party market analyst and the project must meet at least one of the following requirements:

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(A) as certified by a third-party market analyst, the proposed tenant paid rents and income targeting will not exceed one hundred-five percent (105%) of the current rents and targeting and a vacancy rate of no more than five percent (5%); for single room occupancy and special needs housing a vacancy rate of no more than ten percent (10%); or

(B) as evidenced by copies of executed contracts, the project has been receiving federal, state, or local operating or rental assistance and will continue to receive such assistance for at least five (5) additional years. If a contract demonstrating operating or rental assistance for an additional five (5) years is not available, a letter signed by the contractor's senior official may be submitted that describes the efforts undertaken to effectuate an operating or rental assistance contract, the expected duration of the contract, and the expected contract execution date.

(5) Evidence of site control shall be required for each site.

(6) Any maps provided shall include each site.

(b) An Applicant may seek a waiver of the Scattered Site five (5) location limit. A written request describing how the project will benefit from waiver of the location limit must be submitted no later than the application due date for the allocation round in which the Project is seeking an allocation.

Note: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.

Article 11. Open Application Process for Federal Housing Administration (FHA) Financed Projects

Section 5255. Application Requirements. (a) A CDLAC Forward Commitment letter may be granted in lieu of an award of allocation until the Applicant receives the HUD Firm Commitment letter for the Project. A complete Open Qualified Residential Rental Pool Application may be submitted when the Project meets the following requirements:

(1) Applications must meet the requirements of a Qualified Residential Rental Project, as described in Chapter 2.

(2) Applications may be submitted at any time with an expected staff review period of at least thirty (30) days.

(3) The Applicant must disclose upon application that the Project is a FHA financed development.

(4) In lieu of a HUD Firm Commitment letter, a MAP Lender commitment letter outlining the FHA financing must accompany the Application.

(5) All awards of allocation following a CDLAC Forward Commitment must occur prior to the last day of the calendar year.

(6) Proof of HUD Firm Commitment Application Submittal will be due within thirty (30) days of CDLAC Forward Commitment Approval.

(b) The Committee shall make an award of allocation for a new Application if the following is submitted no later than the application due date for the allocation round in which the project is seeking an allocation:

(1) a complete Standard QRRP Open Application and application fee;

(2) a MAP Lender commitment letter outlining the FHA financing; and

(3) a HUD Development Acknowledgement Letter.

(c) The Committee shall make an award of allocation for an existing Applicant who has received a CDLAC Forward Commitment upon submission of a HUD Acknowledgement Letter no later than four (4) days before the first public posting of Committee recommendations as provided in section 5035.

(c) All projects requesting an assignment and assumption of an existing HAP Agreement must have submitted their assignment and assumption application to HUD by the CDLAC application date.

Note: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.

Article 12. Expiring Projects in Difficult Development Areas

CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE REGULATIONS

Section 5258. Eligibility Retention. (a) To confirm that a Qualified Residential Rental Project (QRRP) application is complete in order to retain a project's current year Difficult Development Area/Qualified Census Tract (DDA/QCT) status, an Applicant must submit the following items to CDLAC no later than 16 days prior to the expiration date of the project's DDA status:

- (1) the project's completed Qualified Residential Rental Project application; and
- (2) a written statement identifying the CDLAC allocation round in which the Applicant intends to seek an allocation, pursuant to a CDLAC generated list of eligible allocation rounds for projects in expiring DDA/QCT areas; and
- (3) a written request that CDLAC confirm the Application is complete.

(b) Upon determining that the application is complete, CDLAC will, prior to the expiration of the project's DDA status, provide the Applicant with a letter stating that the application is complete.

(c) The letter described in subsection (b) shall be void and of no effect unless the bond issuances for the project occur within the federally mandated timeframe for bond issuances applicable to projects with expiring DDA statuses.

Note: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.

Section 5260. Definitions.

In addition to the definitions set forth in Government Code section 8869.82 and unless otherwise required by the context, the following terms as used in this chapter are defined as follows:

* * * *

"MCC Application" means the Application titled "Application for an Allocation of the State Ceiling on Qualified Private Activity Bonds for a Mortgage Credit Certificate Program" (revised ~~10-20-15~~11-16-16), which is hereby incorporated by reference.

"MRB Application" means the Application titled "Application for an Allocation of the State Ceiling on Qualified Private Activity Bonds for a Single-Family Housing Bond Program" (revised ~~10-20-15~~11-16-16), which is hereby incorporated by reference.

* * * *

"VHLP Application" means the Application titled "Application for an Allocation of the State Ceiling on Qualified Private Activity Bonds for a Veteran's Home Loan Program" (revised ~~1-11-11~~11-16-16), which is hereby incorporated by reference.

Note: Authority cited: Section 8869.94, Government Code. Reference: Section 8869.84(c), Government Code.

Section 5300. Definitions.

In addition to the definitions set forth in Government Code sections 8869.82 and 8869.84(g); and unless otherwise required by the context, the following terms as used in this chapter are defined as follows:

* * * *

"ETCHP Application" means the Application titled "Application for an Allocation of the State Ceiling on Qualified Private Activity Bonds for an Extra Teacher Credit Home Purchase Program" (revised ~~1-11-11~~11-16-16), which is hereby incorporated by reference.

* * * *

Note: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c) and 8869.84(g), Government Code.

4 CCR Section 5342

Section 5342. Definitions.

In addition to the definitions set forth in Government Code section 8869.82 and unless otherwise required by the context, the following terms as used in this chapter are defined as follows:

CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE REGULATIONS

"Home Improvement and Rehabilitation MCC Application" means the Application titled "Application for an Allocation of the State Ceiling on Qualified Private Activity Bonds for a Home Improvement and Rehabilitation Mortgage Credit Certificate Program" (revised ~~12-12-12~~ 11-16-16), which is hereby incorporated by reference.

"Home Improvement and Rehabilitation MRB Application" means the Application titled "Application for an Allocation of the State Ceiling on Qualified Private Activity Bonds for a Home Improvement and Rehabilitation Mortgage Revenue Bond Program" (revised ~~12-12-12~~ 11-16-16), which is hereby incorporated by reference.

* * * *

Note: Authority cited: Section 8869.94, Government Code. Reference: Section 8869.84(c), Government Code.

Section 5350. Definitions.

In addition to the definitions set forth in Government Code section 8869.82 and unless otherwise required by the context, the following terms as used in this chapter are defined as follows:

* * * *

"IDB Application" means the Application titled "Application for an Allocation of the State Ceiling on Qualified Private Activity Bonds for a Small-Issue Industrial Development Bond Project" (revised ~~7-22-14~~ 11-16-16), which is hereby incorporated by reference.

* * * *

Note: Authority cited: Section 8869.94, Government Code. Reference: Section 8869.84(c), Government Code.

Section 5370. Evaluation Criteria.

* * * *

(d) Payment of Employee and Dependent Medical, Dental, Vision and Retirement Costs (20 points maximum). Applications will be awarded points where the Project Sponsor contributes toward the cost of employee and dependent medical, dental, and vision benefits. Applicants must provide evidence of the amount paid to each medical, dental and vision provider and the amount of employee contribution toward the provision of these benefits. Points will be awarded based on the average dollar amount per participating employee contributed by the Project Sponsor toward the cost of benefits as follows:

(1) Health, Dental and Vision (15 points maximum).

(A) Fifteen (15) points will be awarded to Applications that demonstrate that the Project Sponsor will contribute an average of \$330 or more per month toward the cost of the medical, dental, ~~or~~ and vision benefits for each participating employee and dependents of the employee of the Project.

(B) Ten (10) points will be awarded to Applications that demonstrate that the Project Sponsor will contribute an average of \$220 or more, but less than \$330, per month toward the cost of the medical, dental, ~~or~~ and vision benefits for each participating employee and dependents of the employee of the Project.

(C) Five (5) points will be awarded to Applications that demonstrate that the Project Sponsor will contribute an average of \$110, but less than \$220, per month toward the cost of the medical, dental, ~~or~~ and vision benefits for each participating employee and dependents of the employee of the Project.

* * * *

Note: Authority cited: Section 8869.94, Government Code. Reference: Section 8869.84(c), Government Code.

Section 5400. Definitions.

* * * *

CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE REGULATIONS

"EXF Application" means the Application titled "Application for an Allocation of the State Ceiling on Qualified Private Activity Bonds for an Exempt Facility Project" (revised ~~1-11-11~~11-16-16), which is hereby incorporated by reference.

* * * *

Note: Authority cited: Section 8869.94, Government Code. Reference: Section 8869.84(c), Government Code.

Section 5450. Definitions.

In addition to the definitions set forth in Government Code section 8869.82 and unless otherwise required by the context, the following terms as used in this chapter are defined as follows:

* * * *

"Student Loan Application" means the Application titled "Application for an Allocation of the State Ceiling on Qualified Private Activity Bonds for a Student Loan Program" (revised ~~1-11-11~~11-16-16), which is hereby incorporated by reference.

* * * *

Note: Authority cited: Section 8869.94, Government Code. Reference: Section 8869.84(c), Government Code.

Section 5560. Definitions.

In addition to the definitions set forth in Government Code section 8869.82 and unless otherwise required by the context, the following terms as used in this chapter are defined as follows:

* * * *

"QECB Application" means the Application titled "Application for American Recovery and Reinvestment Act (ARRA) Qualified Energy Conservation Bonds (QECB)" (revised ~~1-11-11~~11-16-16), which is hereby incorporated by reference.

* * * *

Note: Authority cited: Section 8869.94, Government Code. Reference: Section 8869.84(c), Government Code.

Section 5600. Definitions.

In addition to the definitions set forth in Government Code section 8869.82 and unless otherwise required by the context, the following terms as used in this division are defined as follows:

* * * *

"Beginning Farmer Bond Application" means the Application titled "Application for an Allocation of the State Ceiling on Qualified Private Activity Bonds for a Beginning Farmer Bond Program" (revised ~~5-12-14~~11-16-16), which is hereby incorporated by reference.

* * * *

Note: Authority cited: Section 8869.94, Government Code. Reference: Sections 8869.84(c), 8869.85(a) and 8869.85(b), Government Code.

Annual Applicant Public Benefits and Ongoing Compliance Self-Certification “Self-Certification”

ACKNOWLEDGMENT: The California Debt Limit Allocation Committee (“CDLAC” or “Committee”) does not expect to hold an Applicant (Issuer) responsible for conditions they are not aware of; only for the Applicant to confirm their understanding of the status of the project/program based upon their own post-issuance compliance procedures. CDLAC will not review the Applicant’s procedures, and in good faith, will assume that the Applicant has in-place procedures they judge to adequately satisfy their post-issuance responsibilities as defined under the Internal Revenue Code and CDLAC Regulations. An Applicant is free to request project information from the Project Sponsor and rely on that information if they believe it satisfies their own compliance procedures and responsibilities. That information can then serve as the basis for the Applicant’s response to the questions within this certification.

INSTRUCTIONS: Per the CDLAC Regulations, all Projects/Programs within an existing bond regulatory period and/or CDLAC compliance period shall be monitored for compliance with the terms and conditions of the Committee Resolution by the Applicant (Issuer). Mortgage Credit Certificate Single Family Housing Programs with outstanding authority shall be monitored for the same requirements. The Applicant shall complete and submit the Annual Applicant Public Benefits and On-going Compliance Self Certification via the CDLAC Online Compliance Certification System. The self-certification must be submitted by the Applicant to CDLAC no later than March 1 of each year (or at such other time as defined in the CDLAC Regulations or requested by the Committee).

ALL APPLICANTS: Applicant/Issuer Certification of Delivery of Public Benefits

(All) Applicant/Issuer Name:

(All) Project Name (N/A for Single Family Housing Programs):

(All) Program Type (QRRP, SFH, EXEMPT, IDB, Etc.):

(All) Application Number(s):

(All) Resolution Number(s):

(All) Property Address (N/A for Single Family Housing Programs):

(All) Project Completion Date (For QRRP Projects: Enter Placed in Service Date or program completion date):

(QRRP PRIOR TO 2017) Has the Applicant received the Project Sponsor’s complete Compliance Certification for this reporting period? (Applicable to projects awarded allocation after 2000) If no, please explain or indicate “Not Applicable”.

(All 2017 and BEYOND) Has the Applicant received the Project Sponsor’s complete Compliance Certification II for this reporting period?

(All 2017 and BEYOND) If the Project Sponsor/Borrower indicated in the Certification of Compliance II or like form:

Annual Applicant Public Benefits and Ongoing Compliance Self-Certification "Self-Certification"

- a. A change in project name, please provide the new project name
- b. A change in ownership affecting the CDLAC resolution, please provide contact information for the new owner
- c. A change in Issuer, please provide the new Issuer name
- d. All bonds have been redeemed, please provide the redemption notice
- e. A notice or event of default or of foreclosure has occurred, please explain

(ALL 2017 AND BEYOND) *Please note if any of these circumstances have occurred, request revision to the CDLAC resolution

(QRRP PRIOR TO 2017) Has the project satisfied the following requirements as memorialized in the Exhibit A of the CDLAC Resolution and bond regulatory agreement?

- ~~1. QRRP ONLY: Has the Applicant received the Project Sponsor's complete Compliance Certification for this reporting period? (Applicable to projects awarded allocation after 2000.) If no, please explain or indicate "Not Applicable".~~
- ~~1. 2-QRRP PRIOR TO 2017 ONLY: Has the project satisfied all of the income rent requirements memorialized in the Exhibit A (Applicable to projects awarded allocation after 2000)? If no, please explain or indicate "Not Applicable".~~
- ~~2. 3-ALL QRRP ONLY: Has the project satisfied all of the income rent requirements memorialized in the bond regulatory agreement? If no, please explain.~~
- ~~3. 4-QRRP PRIOR TO 2017 ONLY: Is the Project currently providing service amenities on a regular and ongoing basis? (Note: services must be provided for the minimum committed term beginning after the project has been placed in service) If no, please explain or indicate "Project did not commit to Service amenities; or Project has completed term of commitment".~~
- ~~4. 5-ALL PRIOR TO 2017: Has the project/program satisfied all other requirements as memorialized in the Exhibit A? If no, please explain.~~
5. QRRP ONLY 2017 and BEYOND: If the Project Sponsor/Borrower indicated in the Certification of Compliance II or like form:
 - a. Has the regulatory agreement has been terminated, if yes please explain
 - b. Are the number of Federal Bond Restricted Units and Other Restricted Units consistent with the CDLAC resolution, if not please explain
 - c. Is the 10% at 50% general distribution requirement being met in a manner consistent with the CDLAC resolution, if no please explain.
 - d. Are the service amenities being provided in a manner consistent with the CDLAC resolution, if no please explain.

Annual Applicant Public Benefits and Ongoing Compliance Self-Certification "Self-Certification"

6. IDB 2017 and BEYOND ONLY: If the Project Sponsor/Borrow indicated job had been created or retained
 - a. Please report on how many jobs were created or retained
7. SINGLE FAMILY 2017 and BEYOND ONLY: Has the single family program met the income and geographical targets identified in the CDALC resolution? If no please explain.

CERTIFICATE of COMPLETION for NON-QUALIFIED RESIDENTIAL RENTAL PROJECTS

Project Name:

(If project name has changed since the award of allocation please note the original project name as well as the new project name and request a change in the CDLAC resolution.)

CDLAC Application No.:

Name of Bond Issuer:

Name of Borrower:

(If Borrower has changed name since the award please note the original Borrower as well as the new Borrower and request a change in the CDLAC resolution.)

The undersigned hereby certifies that all work on the Project was substantially completed as of _____, 20__

The undersigned hereby further certifies that:

- (a) the aggregate amount disbursed on the Loan to date is \$ _____
- (b) all amounts disbursed from proceeds of the Bonds have been applied to pay or reimburse the undersigned for the payment of Project Costs and none of the amounts disbursed from the proceeds of the Bonds have been applied to pay or reimburse any party for the payment of costs or expenses other than Project Costs; and
- (c) at least 95 percent of the amounts disbursed from the proceeds of the Bonds have been applied to pay or reimburse the Borrower for the payment of Qualified Project Costs and less than 25 percent of the amounts disbursed from the proceeds of the Bonds, exclusive of amounts applied to pay the costs of issuing the Bonds, have been applied to pay or reimburse the Borrower for the cost of acquiring land.
- (d) the cost of the bond issuance was equal to or less than 2% of the bond proceeds issued.

Signature of Officer

Printed Name of Officer

Title of Officer

Phone Number

CERTIFICATE of COMPLETION for QUALIFIED RESIDENTIAL RENTAL PROJECTS

1) Project Name:

(If project name has changed since the award of allocation please note the original project name as well as the new project name.)

2) CDLAC Application No.:

3) Name of Bond Issuer:

4) Name of Borrower:

(If Borrower has changed name since the award please note the original Borrower as well as the new Borrower.)

5) The undersigned hereby certifies that all work on the Project was substantially completed as of _____, 20__

The undersigned hereby further certifies that:

(a) the aggregate amount disbursed on the Loan to date is \$ _____

(b) all amounts disbursed from proceeds of the Bonds have been applied to pay or reimburse the undersigned for the payment of Project Costs and none of the amounts disbursed from the proceeds of the Bonds have been applied to pay or reimburse any party for the payment of costs or expenses other than Project Costs; and

(c) at least 95 percent of the amounts disbursed from the proceeds of the Bonds have been applied to pay or reimburse the Borrower for the payment of Qualified Project Costs (as that term is used in the Regulatory Agreement) and less than 25 percent of the amounts disbursed from the proceeds of the Bonds, exclusive of amounts applied to pay the costs of issuing the Bonds, have been applied to pay or reimburse the Borrower for the cost of acquiring land.

(d) the cost of the bond issuance was equal to or less than 2% of the bond proceeds issued.

6) The undersigned hereby certifies the project meets the general federal rule for a Qualified Project Period.
Yes _____ No _____

(a) 10% of the dwelling units in the project financed in part from the proceeds of the captioned Bonds were first occupied on _____, 20__ and

(b) 50% of the dwelling units in the project financed in part from the proceeds of the captioned Bonds were first occupied on _____, 20__.

7) If no to 6) the undersigned hereby certifies the project meets the special federal rule for a Qualified Project Period.
Yes _____ No _____

(Project qualifies if it is an acquisition/rehabilitation where no more than 90% of the units were not available for occupancy within 60 days of the earlier of the project acquisition or the Bond Issuance Date.)

(a) Bonds were issued on _____, 20__

(b) Property was acquired on _____, 20__

(c) The date 10% of the units were available to occupy (within 60 days of the earlier of the acquisition or bond issuance) _____, 20__

Signature of Officer

Printed Name of Officer

Title of Officer

Phone Number

The following certification must be submitted by the Project Sponsor (on Project Sponsor letterhead) to the Applicant (Issuer) who will retain the document for a minimum of three years.

CERTIFICATION OF COMPLIANCE I

Project Name: _____
(If project has changed named since the award of allocation please note the original project name as well as the new project name)

Name of Bond Issuer: _____

CDLAC Application No.: 00-00
(If more than one award was awarded please list all the applications numbers)

Pursuant to Section 13 of Resolution No. 00-00 (the "Resolution"), adopted by the California Debt Limit Allocation Committee (the "Committee") on (Meeting date) I, _____, an Officer of the Project Sponsor, hereby certify under penalty of perjury that, as of the date of this Certification, the above-mentioned Project is in compliance with all of the terms and conditions set forth in the Resolution.

I further certify that I have read and understand the CDLAC Resolution, which specifies that once the Bonds are issued, the terms and conditions set forth in the Resolution Exhibit A, shall be enforceable by the Committee through an action for specific performance, negative points, with holding future allocation or any other available remedy.

Please check or write N/A to the items list below:

_____ The project is currently in the Construction or Rehabilitation phase (i.e. the project is not placed in service).

Signature of Officer

Date

Printed Name of Officer

Title of Officer

Phone Number

CERTIFICATION OF COMPLIANCE II
for Non-Qualified Residential Rental Projects

1. Project Name Change: No _____ Yes _____
(If project name has changed since the award of allocation please note the original project name as well as the new project name.)
If yes provide existing and new Project Name _____

2. CDLAC Application No.:

3. Bond Issuer Change: No _____ Yes _____
(If Bond Issuer has changed since the award as a result of refinance or refunding of an allocation please note the original Issuer as well as the new Issuer.

If yes provide the Name of the New Issuer _____
Contact Information:

4. Borrower Change No _____ Yes _____
(If Borrower has changed since the award affecting the CDLAC resolution please note the original Borrower as well as the new Borrower.)
If yes provide the Name of the New Borrower _____
Contact Information:

5. Has the project been completed and placed in service?
No _____ Yes _____
If yes please submit Completion Certification (one time only)

6. Have any of the following events occurred associated with the bond allocation including but not limited to: a change in use, a Bond Default, or a Qualified Bond Default.
If so, please describe and explain?
No _____ Yes _____ If yes please provide an explanation.

7. (IDB ONLY) If applicable in the CDLAC Exhibit A, provide the following job creation and retention details:
_____ Number of Existing Jobs Actually Retained
_____ Number of New Jobs Anticipated to be created

"Pursuant to Section 13 of Resolution No. _____ (the "Resolution"), adopted by the California Debt Limit Allocation Committee (the "Committee") on _____, I, _____, an Officer of the Borrower, hereby certify under penalty of perjury that, as of the date of this Certification, the above-mentioned Project is in compliance with the terms and conditions set forth in the Resolution as outlined above. I further certify that I have read and understand the CDLAC Resolution, which specifies that once the Bonds are issued, the terms and conditions set

forth in the Resolution Exhibit A, shall be enforceable by the Committee through an action for specific performance, negative points, withholding future allocation or any other available remedy.

Signature of Officer

Title of Officer

Phone Number

Date

CERTIFICATION of COMPLIANCE II for QUALIFIED RESIDENTIAL RENTAL PROJECTS

1. Project Name Change: No _____ Yes _____

(If project name has changed since the award of allocation please note the original project name as well as the new project name.)

If yes provide old and new Project Name _____

2. CDLAC Application No.:

3. Bond Issuer Change: No _____ Yes _____

(If Bond Issuer has changed since the award as a result of refinance or refunding of an allocation please note the original Issuer as well as the new Issuer.)

If yes provide the Name of existing and New Issuer _____

Contact Information _____

4. Change in Borrower No _____ Yes _____

(If Borrower has changed since the award affecting the CDLAC resolution please note the original Borrower as well as the new Borrower.)

If yes provide the Name of the existing and New Borrower _____

Contact Information _____

5. Change in Management Company No _____ Yes _____

If yes provide the Name of the New Management Company _____

6. Has the Qualified Project Period commenced? No _____ Yes _____

No _____ Yes _____ Already Submitted Certification _____

If yes please submit the Certificate of Qualified Project Period (one time only)

7. Has the project been completed and placed in service?

No _____ Yes _____ Already Submitted Certification _____

If yes please submit Completion Certification (one time only)

8. Have any of the following events occurred associated with the bond allocation including but not limited to: defaults associated with rents and income requirements, Bond Default or a Qualified Bond Default..

No _____ Yes _____

If so, please describe and explain?

9. Has a termination of the Regulatory Agreement occurred or is a termination planned in the next year? Has proper noticing occurred?

No _____ Yes _____

If so, please describe and explain?

Federally Bond Other Restrictions
Restricted Units (reflected in PSR)
(Reflected in in
PSR)

Total (Reported in
CDLAC Resolution)

10.

| | | |
|----------------|----------------|----------------|
| ___ at 50% AMI | ___ at 50% AMI | ___ at 50% AMI |
| ___ at 60% AMI | ___ at 60% AMI | ___ at 60% AMI |
| Total _____ | Total _____ | Total _____ |

Please attached a copy of the project's TCAC Project Status Report (PSR) or equivalent documentation.

11. Please indicate the distribution of the CDLAC restricted 10% of the 50% AMI units

| Bedroom Type | # of Units in PSR | # of Units in CDLAC Resolution |
|--------------|-------------------|--------------------------------|
|--------------|-------------------|--------------------------------|

| | | |
|-----------|-------|-------|
| 1 bedroom | _____ | _____ |
| 2 bedroom | _____ | _____ |
| 3 bedroom | _____ | _____ |

12. If the Project has committed to and is currently providing the service amenities for a term as specified in the CDLAC resolution, please verify the services are being provided: on a regular and ongoing basis, which are provided free of charge and all hour requirements are being met:

___ After-school Programs
___ Educational , health and wellness, or skill building classes
___ Health and Wellness services and programs (not group classes)
___ Licensed Childcare provided for a minimum of 20 hours per week (Monday-Friday)
___ Bona-Fide Service Coordinator/ Social Worker

Is the service being offered on an ongoing basis and provided free of charge (childcare excepted)?

No _____ Yes _____ If no please explain.

Are all hour requirements being met?

No _____ Yes _____ If no please explain.

Attach evidence demonstrating that the above listed services are being provided and have met the requirements in the CDLAC Resolution. Including but not limited to MOUs and or contracts associated with the services rendered, a 12-month schedule (current reporting year) of the services offered, flyers, sign-up sheets, etc.

"Pursuant to Section 13 of Resolution No. _____ (the "Resolution"), adopted by the California Debt Limit Allocation Committee (the "Committee") on _____, I, _____, an Officer of the Borrower, hereby certify under penalty of perjury that, as of the date of this Certification, the above-mentioned Project is in compliance with the terms and conditions set forth in the Resolution as outlined above. I further certify that I have read and understand the CDLAC Resolution, which specifies that once the Bonds are issued, the terms and conditions set forth in the Resolution Exhibit A, shall be enforceable by the Committee through an action for specific performance, negative points, withholding future allocation or any other available remedy.

Signature of Officer

Printed Name of Officer

Title of Officer

Phone Number

Date

**REPORT OF ACTION TAKEN
REGARDING THE MAKING OF A CARRYFORWARD ELECTION AND THE ISSUANCE OF PRIVATE ACTIVITY BONDS**

California Debt Limit Allocation Committee
915 Capitol Mall, Room 311
Sacramento, CA 95814
(916) 653-3255

Please complete and mail form to the above address within **15 days** of issuing private activity bonds.

1. NAME OF ISSUER:
Address/City/State/Zip:
Contact Person: _____ Phone: ())
Title: _____ Fax: ())
2. ISSUER'S FEDERAL EMPLOYER IDENTIFICATION NUMBER:
3. DATE CARRYFORWARD ELECTION MADE:
4. AMOUNT OF CDLAC ALLOCATION ELECTED TO BE CARRIED FORWARD: \$ _____
5. INTEREST RATE OF LONG TERM BOND (SHORT TERM RATE, IF CONSTRUCTION ONLY):
6. DATE BONDS ISSUED:
7. CUSIP (Committee on Uniform Securities Identification Procedures) NUMBER OF THE BOND WITH THE LATEST MATURITY (if issue does not have a CUSIP, enter "none"):
8. MAXIMUM PRINCIPAL AMOUNT: (aggregate face amount): \$ _____
AMOUNT OF CDLAC ALLOCATION USED: \$ _____
AMOUNT OF CDLAC ALLOCATION NOT USED: \$ _____
9. If the Principal Amount of Bonds Issued is different from the Amount of CDLAC Allocation Used, please briefly explain the difference:
10. NAME OF BOND ISSUE:
11. PROJECT/PROGRAM NAME (identify former name if name has changed since allocation was awarded):
12. PRIVATE USER NAME:
13. TYPE OF PROJECT:
14. COUNTY(S) IN WHICH PROJECT(S) IS/ARE LOCATED:
15. CDLAC RESOLUTION NUMBER AWARDDING THE ALLOCATION: # _____
CDLAC APPLICATION NUMBER (shown on Exhibit "A" of Resolution) # _____

For CDLAC use only:

Agenda _____

Greensheet _____

RAT Docs _____

(CONTINUED ON REVERSE PAGE)

16. PERSON TO BE BILLED FOR CDLAC FEE:

Title: _____ Phone: () _____
Firm: _____ Fax: () _____
Address/City/State/Zip: _____

17. UNDERWRITER/PLACEMENT AGENT:

Address/City/State/Zip: _____
Contact Person: _____ Phone: () _____
Fax: () _____

17. BOND COUNSEL FIRM:

Name of Attorney: _____
Address/City/State/Zip: _____
Contact Person: _____ Phone: () _____
Fax: () _____

18. PERSON COMPLETING FORM (if different from #15 above):

Title: _____ Phone: () _____
Firm/Agency: _____ Fax: () _____
Address/City/State/Zip: _____

The undersigned do hereby certify to the accuracy of the information contained herein.

Signature of Issuer's Representative

Signature of Bond Counsel

Print Name of Issuer's Representative

Print Name of Bond Counsel

Date: _____

Date: _____

**REPORT OF ACTION TAKEN
REGARDING THE ISSUANCE OF PRIVATE ACTIVITY BONDS**

California Debt Limit Allocation Committee
915 Capitol Mall, Room 311
Sacramento, CA 95814
(916) 653-3255

Please complete and mail form to the above address within **15 days** of issuing private activity bonds. If bonds are issued in December, please complete and mail form within 5 days of such issuance.

1. NAME OF ISSUER:
Address/City/State/Zip:
Contact Person: Phone: ()
Title: Fax: ()
2. ISSUER'S FEDERAL EMPLOYER IDENTIFICATION NUMBER:
3. CUSIP (Committee on Uniform Securities Identification Procedures) NUMBER OF THE BOND WITH THE LATEST MATURITY (if issue does not have a CUSIP, enter "none"):
4. MAXIMUM PRINCIPAL AMOUNT: (aggregate face amount): \$
AMOUNT OF CDLAC ALLOCATION USED: \$
AMOUNT OF CDLAC ALLOCATION NOT USED: \$
5. INTEREST RATE OF LONG-TERM BOND (SHORT TERM RATE, IF CONSTRUCTION ONLY):
6. DATE BONDS ISSUED:

If the Principal Amount of Bonds Issued is different from the Amount of CDLAC Allocation Used, please briefly explain the difference:
7. NAME OF BOND ISSUE:
8. PROJECT/PROGRAM NAME (identify former name if name has changed since allocation was awarded).
9. PRIVATE USER NAME:
10. TYPE OF PROJECT:
11. COUNTY(S) IN WHICH PROJECT(S) IS/ARE LOCATED:
12. CDLAC RESOLUTION NUMBER AWARDED THE ALLOCATION: #
CDLAC APPLICATION NUMBER (shown on Exhibit "A" of Resolution): #

For CDLAC use only:

Agenda _____

Greensheet _____

RAT Docs _____

(CONTINUED ON REVERSE PAGE)

13. PERSON TO BE BILLED FOR CDLAC FEE:

Title:

Phone: ()

Firm:

Fax: ()

Address/City/State/Zip:

14. UNDERWRITER/PLACEMENT AGENT:

Address/City/State/Zip:

Contact Person:

Phone: ()

Fax: ()

15. BOND COUNSEL FIRM:

Name of Attorney:

Address/City/State/Zip:

Contact Person:

Phone: ()

Fax: ()

16. PERSON COMPLETING FORM (if different from #15 above):

Title:

Phone: ()

Firm/Agency:

Fax: ()

Address/City/State/Zip:

The undersigned do hereby certify to the accuracy of the information contained herein.

Signature of Issuer's Representative

Signature of Bond Counsel

Print Name of Issuer's Representative

Print Name of Bond Counsel

Date:

Date: